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17 June 1985

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INTER-AMERICAN AFFAIRS

BRIEFS

COLOMBIA, VENEZUELA SCHEDULE TALKS--Cali, 10 May--The presidents of Colombia and Venezuela, Belisario Betancur and Jaime Lusinchi, will meet this coming 15 June in Arauca, Justice Minister Enrique Parejo Gonzalez confirmed here today. He indicated that one of the issues they will take up has to do with the arrangements for resuming the talks on delimiting the offshore and underwater areas between the two countries. Parejo Gonzalez also made it known that the two chief executives would look into new ways of jointly combating drug trafficking across the Colombian-Venezuelan border. The minister clarified that only an agreement between the two presidents would enable bilateral talks to resume on the longstanding conflict over the delimitation of offshore and underwater zones in the Gulf of Venezuela. "The meeting between the two presidents represents a fine opportunity to take joint steps in the battle against drug trafficking, especially along the border," the minister said. He noted that the chiefs of state would be accompanied at the meeting by the ministers of justice, agriculture and development of the two countries. [Text] [Bogota EL TIEMPO in Spanish 11 May 85 p C-12] 8743

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ARGENTINA

SOCIAL, IDEOLOGICAL RISKS SEEN IN ECONOMIC PLAN

Buenos Aires SOMOS in Spanish 10 May 85 p 22

[Commentary by Mariano Grondona: "The Two Costs"]

[Text] Since his speech in the Plaza the president and his party are faced with the possibility of a "social" cost. As the "wartime economy" that Dr Alfonsin announced takes shape, the population's living standard will drop sharply. If we call this sudden drop, with its upshot of strikes and conflicts, a "social cost," then we have to acknowledge that the president understood and accepted it in his speech in the Plaza.

This social cost naturally heralds a "political" cost: a decline in the government's popularity and, perhaps, setbacks at the polls in November.

Alfonsin's decision to shoulder a social and political cost in exchange for an economic austerity policy would be praiseworthy if it were, in fact, a "way out of trouble." In that event, the president would be sacrificing immediate social and political possibilities for the sake of mediate possibilities, which would be intelligent and reasonable. Even from an election standpoint, it would be preferable to lose in November in exchange for victory in 1987 or 1989, when the sacrifice has borne fruit.

If the "wartime economy" that Alfonsin has proposed were truly a way out of Argentina's economic crisis, our analysis would end here, with our best wishes for success. It so happens, however, that it is not. There is a less painful, more efficient alternative for the Argentine people. A "wartime economy" is, in essence, what socialism turns to when it is in a jam: an all-powerful State tightening its belt without renouncing almost total control of the economy. Higher public service rates, higher taxes, lower salaries for civil servants, interruptions in public works projects, forced savings...A "wartime economy" means that an interventionist government is in the midst of an emergency but does not renounce itself. Behind the phrase lingers the hope that once the "war" is over, the "peace" of socialism will return.

The alternative to all this is to combine "in earnest" two concepts that Argentines have forgotten about: to privatize and to export. "To privatize" does not mean to give back Opalinas Hurlingham. It means that "all" production activity should return to private hands, leaving the government in charge solely of enforcing the ground rules harshly and punctiliously. "To export" does not mean continuing to export what we always have; it means agriculture and industry gearing up mainly for the world market, the only inexhaustible market, instead of focusing on an inadequate, almost nonexistent domestic market. "To privatize and to export" means that Argentina ought to become another South Korea as soon as possible.

Without this drastic turnaround, what we will get is what we have always had: a monotonous succession of "wartime economies." The "Korean" program of revitalization, in contrast, far from entailing sacrifices, would bring the joy, the euphoria of rapid expansion. Why, then, is such a program not adopted? Because it would mean accepting a cost about which there is little talk: the "ideological" cost.

If by "ideological" cost we mean the pain caused by the abandonment of principles long held, then it is obvious that the Radical Party will have to shoulder an extremely high ideological cost if it wants to lead us out of a wartime economy and towards true expansion. Both the president and his party will have to abandon deeply-rooted beliefs: their faith in the government as a businessman, their mistrust of private enterprise, their rejection of the profit motive, their resistance to the inequality that prosperity brings about, their fondness for the paternalistic, redistributive role of national leaders. A society that is rapidly on the rise entails the opposite of these beliefs. It is economically uncontrollable because a rich society is a free society; it cannot be told what to do. It is also uncontrollable at the polls, because a society that is growing rich through its own efforts cannot be induced to vote for political patrons.

If the alternative to this panorama were an affluent socialist society, that would unquestionably be the Radical Party's choice. The tragedy is that Alfonsin's choice is not between an economically tolerable socialism and a prosperous capitalism but between the latter and a trouble-ridden, "wartime" socialism.

The president and his party will ultimately have to choose between two costs. One, the social cost, will condemn the country to egalitarian decline under the leadership of the State. The other, the ideological cost, could bring us all prosperity again in a gradual, unequal manner in exchange for the abandonment of longstanding dogmas. Both the social and the ideological cost entail a political cost. The former, because social hardship will be reflected in the ballot box in one way or another. The latter, because if the Radical Party forsakes its old dogmas, it will also have to accept conflicts and rifts, as in Frondizi's times. If the president opts for society, for its prompt economic and social recovery, he will probably be condemning his party to a major crisis. If he places his party first, he will be condemning society to a prolonged decline.

ARGENTINA

PERONIST LEADER LUDER ON INTERNAL RIFTS, CONCERNS

Buenos Aires SOMOS in Spanish 10 May 85 pp 24-25

[Interview with Italo Argentino Luder by Daniel Ares; date and place not specified]

[Text] Italo Argentino Luder, the Justicialista Party's presidential candidate in the October 1983 elections, has returned to the active political scene in recent days after an almost complete silence since Peronism suffered its first defeat ever at the polls. The reasons? There are several. A few weeks ago, Jacobo Timerman insinuated in the paper LA RAZON that he was one of the potential plotters of a potential coup. That same week, however, Oraldo Britos, the leader of the Rio Hondo leadership (one of the two factions into which Peronism is divided today), hinted that Luder might head up a Peronist Party slate at next November's congressional elections.

SOMOS spoke with him. It talked about Peronism and its current rift, about his running for a national deputy's seat, about the rumors of a coup, about the administration, about the difficult present and the uncertain future. This was what he had to say:

[Question] Why is Peronism divided?

[Answer] Let me clarify that there is a split in the leadership of Peronism, not in its rank-and-file and not even in its activist personnel. This is the result of the leadership vacuum that developed after General Peron's death more than 10 years ago. I indicated that Peronism had to alter its internal methods because the leadership style that General Peron had practiced would not continue to work without him. My idea was not followed through on at the time because events got ahead of us: the Justicialista government fell, party activity was outlawed for a long time, and therefore the reorganization of Peronism

was left pending. The military government fell in the wake of the Malvinas war, and a move towards institutionalization began with a timetable that to us was very tight. We put together a membership of 3.2 million and entered a very trying nomination process, inasmuch as the courts did not hand over the voter lists on time and everything got mixed up. So, I was nominated for president 45 days before the start of the campaign. This, of course, caused a postponement of the internal reorganization that Peronism owed itself. If we had won, the reorganization would have been easier because the president would have been able to guide it from office. But we didn't win, and the reorganization is still being put off. It is under way now, but the timing is not right because this is an election year, which means that there are further complications such as nominating legislative candidates.

[Question] But is this rift due solely to an organizational problem or is there also an ideological confrontation between the two factions?

[Answer] Don't think that I'm trying to downplay the matter, because I'm discussing it objectively. There has been a leadership vacuum for 10 years, and our members have to be involved in filling it. There are without question minor ideological differences in a party like Peronism; there are in Radicalism too. But these minor differences are not negative to the extent that the party can put together a unifying leadership and a platform that encompasses them. But such a leadership must have a democratic, not a historical legitimacy, because the latter was just for General Peron.

[Question] All of this is happening just a few months before the congressional elections, and your name has been mentioned as a candidate for deputy.

[Answer] Yes, that's true. Many segments of Peronism that are part of various factions have told me that they are interested in my heading up the slate of national deputy candidates from Buenos Aires Province. I told them that a nomination for a national deputy's seat is not in my plans. This is a working hypothesis that Peronism has to which I did not give my consent. I think that I have a different role to play.

[Question] What sort of role?

[Answer] At this point in my political career, now that I have held all the posts that a politician can aspire to, I feel that I have a certain political presence in the Peronist Party that I must use to further party unity.

[Question] Moving on to another topic, how do you view the national situation?

[Answer] I am really worried about the country's present state, especially because the economic situation has gotten worse. The government inherited a heavy burden. I have always said that, but the fact is that the economic crisis has worsened. The economic actors are not confident, and thus there was a fall in investment in 1984, and without investment there is no growth. If domestic savings are not enough to keep the economy growing, then obviously we have to turn to foreign investment. But this is very difficult when an economic program is not credible; in fact, such a program does not even exist yet. For a year and a half the administration has been pursuing an erratic economic policy, altering it every 3 months. This is the most serious thing of all because the sectors of our economy are used to working under economic plans. Even if they don't agree with them, they need to know what the ground rules are for 2 or 3 years.

[Question] But the president has now announced a wartime economy...

[Answer] Yes, but he failed to explain it in detail so that the country would have some idea of what measures will be taken under this "wartime economy."

[Question] And what would you have done had you won the October elections?

[Answer] Well, it would be very easy for me to devise political fiction, but in any event I saw very clearly that the country was in a national emergency. During my campaign I often spoke of the need for a national unity government with a 2 or 3 year political truce. I assure you that I would have tried for one. The Radical Party, in contrast, chose to exercise its right to govern alone.

[Question] Yet no sooner had Dr Alfonsin taken office than he offered you the position of chief justice of the Supreme Court, and you turned it down...

[Answer] Yes, but that was a personal offer that had nothing to do with a national unity government. Moreover, I realized at that point that Radicalism had no intention of forming a national unity government. In fact, shortly after taking office, the Radicals had a confrontation with the Peronist labor movement that looked a lot like a confrontation with Peronism itself. In any case, I believe in debate, as long as one does not lose one's cool. If people do not understand this, then we are headed towards another divisive confrontation like the ones that have scuttled the country's finest opportunities.

[Question] Yet people have been anything but cool over the past month...

[Answer] And I deplore this, because if we lose our cool and if dialogue turns into aggression and insult, then this will militate against the maturity of a democracy that is consolidating. I also deplore the fact that over the past month the administration has reacted disproportionately to its opponents, who are just exercising their right to criticize and are in no way trying to destabilize.

[Question] And what might be the purpose of these disproportionate reactions?

[Answer] I don't know.

[Question] People have the feeling that it was a smokescreen to hide mistakes...

[Answer] It would be very harsh and very risky to think that the administration is going to jeopardize the country's economic growth by making people paranoid about a coup at a time when we most need foreign investment. Last year there was talk of a "Lebanonization," which scared foreign investment away, and we wasted 1984. Now there is talk of a coup, and if waste 1985 too, it will do terrible harm to the country. This is why I think that we have to raise the level of the debate.

[Question] There is talk of a renewed outbreak of subversion. Do you think there is?

[Answer] No.

[Question] And what about a coup?

[Answer] Even less likely.

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ARGENTINA

BANADE CHAIRMAN ON FOREIGN DEBT NEGOTIATIONS

Buenos Aires SOMOS in Spanish 10 May 85 p 43

[Interview with Mario Brodersohn, chairman of the National Development Bank, by Andres Alcaraz and Eduardo Tuculet; date and place not specified]

[Text] Mario Brodersohn, the 51-year old chairman of the National Development Bank and currently the head of the Argentine delegation negotiating the country's debt with international banks, spoke with SOMOS about the progress of the talks with the International Monetary Fund on a new standby agreement and commented on the politics surrounding the issue. Here is a summary of the conversation.

[Question] What sort of adjustments policy will be hammered out with the IMF?

[Answer] The agreement that was approved on 28 December 1984 stipulates nominal or theoretical goals that the Argentine Government must meet over 3 years. The goals are expressed in pesos for the public sector and for monetary policy and in dollars for foreign transactions. The nominal goals for the public sector have to do with lowering the level of government spending, of the public sector deficit (the central government, the provinces and public enterprises) and of the Central Bank's operating deficit. The dollar goals for foreign transactions have to do with the level of indebtedness and our balance of payments. The goals are set every 6 months.

[Question] What is under discussion now?

[Answer] There is going to be a change this time, a difference. The December agreement set new goals for June and September. The difference is that we are also going to set nominal goals for May so that we can get money from the IMF in July.

[Question] Is this agreement more flexible?

[Answer] Argentina's failure to meet the goals in December has led to two negotiating stands. On the one hand, the Argentine Government is trying to be realistic in setting its goals. In other words, they have to be achievable. On the other, we have talked with the IMF about its being flexible in setting nominal goals, inasmuch as Argentina has a very high inflation rate, and there might be some missed targets. What we still have to do is define how flexible the goals are going to be.

[Question] Is the flexibility based on estimates of a monthly inflation rate of 30 percent in April dropping to 12 or 13 percent by year end?

[Answer] We're talking. The IMF is not demanding inflation targets. But since we have to set targets for government spending and the expansion of the money supply, we have to keep inflation rate trends in mind as well. Part of the discussions center on the pace at which we are going to lower the inflation rate over the next 6 months.

[Question] To what do you attribute the IMF's responsiveness about making the targets more flexible? Do you think that President Alfonsin's realistic talk about the economy in his 26 April speech might have had some effect?

[Answer] All of these talks on flexibility with the Fund are based on Argentine economic realities. The performance of the Argentine economy and what is happening on the inflation front have led to a series of theoretical and technical questions. It was said that all Argentina had to do to cut inflation was to lower government spending and rein in the money supply. What happened in 1984 was that Argentina made a major effort to trim government spending, to cut the budget deficit and to restrain monetary growth. In spite of these efforts, inflation not only did not drop but in fact rose. This indicates that there are other factors at work in generating inflation. Orthodox economics is not the only answer...

[Question] Why is that?

[Answer] What makes Argentina different from other countries is precisely its long history of a high inflation rate. This has caused businessmen, consumers and labor leaders themselves to develop certain habits. There are inflation expectations and a tradition of price indexing...

[Question] Is this the psychology that former Economy Minister Bernardo Grinspun was talking about?

[Answer] Yes, of course. This is what he was talking about, and he was quite right in discussing the issue in those terms. This is why the administration said that an understanding was needed among the various segments of society, to cut short these expectations. This policy and prudent fiscal and monetary policies provide for a comprehensive assault on the problem.

[Question] Why are there demands for a political solution to the debt problem?

[Answer] When we speak of the need for a political dialogue about the foreign debt, we are talking about a short-term problem and a long-term problem. In the short run the problem has to do with a country's overdue payments; this is a problem that every country has to take care of. The other problem boils down to this: Argentina has to earmark about 40 percent of its domestic savings for overseas interest payments. This leaves very little savings in the country, and investment is very low. If the country does not invest, it cannot grow. A conflict has been created between economic growth and foreign debt interest payments...

[Question] How do you feel about the Radical senators' proposal that ties foreign debt payments to export levels?

[Answer] I think that it's fine for ruling party or opposition deputies or senators to have differing opinions. This will enrich the discussion not only in Argentina but throughout Latin America and in the creditor nations as well. This is a step forward in coming up with long-range answers. In the short term we will keep on negotiating with the banks to find a prompt solution to our late payment problems.

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BRAZIL

FGV ANNOUNCES 7.2 PERCENT APRIL INFLATION; COMMENT

Figures Published

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 May 85 p 26

[Text] The Brazilian Economics Institute (IBRE) of the Getulio Vargas Foundation (FGV) officially announced the inflation rate for the month of April yesterday (7.2 percent), noting that the drop of 5.5 points in relation to the 12.7 percent rate was due to "limited increases and even reductions in prices on some farm products which weigh heavily in the general index structure."

With a rate of 7.2 percent for last month, the cumulative variation in the past 12 months shows a drop from 234.1 percent to 228.8 percent. The cumulative figure for the first 4 months of this year was 49.9 percent.

The Wholesale Price Index showed a variation of 7.2 percent in April, with a cumulative rate for the past 12 months of 233.4 percent. The Consumer Price Index showed a 6.7 percent rate of increase (220.0 percent for the past 12 months) and the Construction Cost Index stood at 8.8 percent (the cumulative variation for the past 12 months was 214.4 percent).

According to the report published by the IBRE, the greatest percentage effects were seen in the following sectors: lumber, textiles, tractors, cement, fertilizers and some food products (such as milk, corn, beans, rice, oranges, fish and bananas) for the Wholesale Price Index; and in food, personal services, household articles, health aid and hygiene for the Consumer Price Index. In that index, this group of products alone accounted for 81 percent of the total effect.

Potential Effects Analyzed

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 May 85 p 3

[Text] The rate of inflation, which remained during the first quarter of the year at a monthly average of 11.85 percent, dropped to 7.2 percent in April, the lowest rate seen since May of 1983. In assessing the importance of this decline, it should be noted that with the average rate for the first quarter, inflation this year would be 283.3 percent, while with the April rate, annual

inflation would drop to 130.3 percent. Now that some agitators are asking for entirely unrealistic wage increases, it can be seen that the best way of strengthening the purchasing power of the people today is to reduce the inflation rate significantly.

The results obtained in the month of April invite us to reflect on the methods which led to such a substantial reduction in the rate. It offers the nation an opportunity to avoid this inflationary determinism which leads to useless struggles and poverty. However, we cannot fail to voice our fear that this opportunity will be lost, given the current climate. The results achieved in April were due to two main factors, the most important of them, by far, being the freezing of some prices and rates, and the more enduring of them being monetary control, which was much more careful than in the earlier months.

The freezing of prices is a very dangerous weapon for combatting inflation, because apart from the fact that its efficiency is of very short duration, it can explode like a grenade in the hands of those who use it without proper care. It is a weapon which has an immediate and wide-ranging impact on an economy such as that of Brazil, which is subject to a system of generalized indexing. The experience of last April indicates the importance of controlled prices in the national economy. It suffices to postpone the adjustment of some prices (such as that of gasoline) and rates (such as that for electrical energy) in order for inflation to plunge to a level much below that at which it was. With the extension of the price control system, the remarking of prices as a function of future inflationary expectations was prevented.

The results are tangible, but we know they are not enduring. It will be necessary to adjust those prices the updating of which has been postponed. Now if this increase is effected at a time when other inflationary factors weigh heavily, there will certainly be a real price explosion. This is what will doubtless happen after June, when all of the effects of the wage increases in excess of gains in productivity and the increase in prices resulting from the rise in costs caused, for example, by prolonged strikes, make themselves felt. At the moment of truth, it will be possible to comprehend the full danger of price freezing, which could only prove efficient within the framework of an economy with total austerity, an economy based on a true social pact.

The new monetary control measure (1.8 percent reduction in March on the balance of the monetary base, and increase of probably no more than 2 percent last April, as compared to 19 percent in April as compared to 1984) is contributing more lastingly to the containment of inflationary pressures. We should not forget, however, that this control has had a high price: the increase in interest rates resulting on the one hand from heavy placements of domestic debt bonds and, on the other, a system of calculating monetary correction which reduces the uncertainty of investors and increases their compensation, but forces those who have debts (beginning with the government itself) to pay interest at a rate even higher than before.

If the inflationary battle is not won, this system will soon become intolerable, because no enterprise, not even a state enterprise, can pay such high interest rates. To win the battle, the government will have to obtain a

certain consensus, so that wage adjustments remain within reasonable margins, and it will have to effect a drastic reduction in its deficit, which it appears will be much larger than was foreseen. Under adverse conditions (resulting from the paralysis of the country due to the death of Tancredo Neves), the country has succeeded in improving the standard of living of the people (by reducing the loss of their purchasing power) without causing an upset. We know, however, that this is a very limited result which must be consolidated by the entire nation, and to achieve this, courage, realism and a certain respect for the juridical order will have to be evidenced.

Dornelles To Propose Pact

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 May 85 p 26

[Text] Brasilia--Minister of Finance Francisco Dornelles announced yesterday that he will engage in dialogue with the producer classes in order to establish a pact to reduce inflation. He explained that the 7.2 percent rate in April, the lowest in 2 years, is still high, and that he will only be satisfied when it reaches zero. "An inflationary rate of 7.2 percent is more suited to a yearly than a monthly rate," Dornelles volunteered.

The minister of finance says that the 7.2 percent rate in April as compared to 12.7 percent the preceding month, although important in reversing the inflationary process, does not mean that inflation is under control. Therefore he will maintain a strict monetary and fiscal policy, giving priority to agriculture in the placement of reorganized resources.

In the view of Minister Francisco Dornelles, the drop in inflation was only possible thanks to the "firmness with which President Jose Sarney has implemented all of the decisions in the monetary, fiscal and price sectors," and also to the businessmen who "without any kind of pressure, have collaborated greatly with the government."

Just yesterday Dornelles was scheduled to have his first talk with the president of the Workers Party, Luis Ignacio Lula da Silva, but because of the strike campaign throughout the country, Lula had to ask for a postponement of the meeting. Dornelles regards inflation as "the most unjust tax, because it mainly affects the people with the least capacity to contribute."

Cut in Expenditures

The minister of finance appeared briefly in the press room at the Finance Ministry to announce the allocation of 3.3 trillion cruzeiros for the marketing of the farm harvest in the month of May. Dornelles reiterated that in order to reduce inflation, giving agriculture priority will be basic, and that resources are being diverted from other sectors to this end.

Minister Francisco Dornelles said that the government will maintain a policy of strictness in expenditures. "The government is seeking to channel resources to the sectors which provide the most jobs," he said, but refused to discuss any change in the monetary correction formula.

Brasilia--Roberto Saturnino, the leader of the PDT [Democratic Workers Party], told the Senate yesterday that the drop in inflation to 7.2 percent in April, "although it still leaves a very high index," shows progress.

In the view of this parliamentarian from the state of Rio de Janeiro, price control is an effective weapon, but one of limited duration, and this leads to the conclusion that if other causes are not attacked, for example a reduction in interest rates and a firm readiness to deal with the foreign debt as a political problem, it will be difficult for the country to achieve resumption of economic development.

Estimated Inflation for May

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 May 85 p 26

[Text] Brasilia--The Ministry of Finance is working with a 5 percent estimate for inflation in May, Minister Francesco Dornelles told Deputy Joao Cunha (PMDB [Brazilian Democratic Movement Party]) of Sao Paulo yesterday during a hearing. At the hearing, Minister Dornelles explained the statement made by Minister of Mines and Energy Aureliano Chaves to the effect that real adjustments will be made for gasoline and alcohol in the coming days.

According to the deputy's report, Minister Dornelles said that the adjustment for fuels will have to be fully discussed, and that a statement concerning the matter could even upset the price policy the government is trying to implement in order to reduce inflation. In fact, technicians involved with the supply and price sector expressed shock at the statement by Aureliano Chaves yesterday.

One qualified technician said, like Deputy Joao Cunha, that the increases on fuels and their byproducts contributed substantially to balancing and increasing the profitability of the PETROBRAS [Brazilian Petroleum Corporation]. These sources indicated that the government is now making a careful study of the next fuel adjustment with a view to correcting this distortion.

During the hearing, Deputy Joao Cunha asked Minister Dornelles if it was true that the multinational companies have deposited \$30 million in the Central Bank. Dornelles responded that the total volume comes to only \$6 billion [as published]. The minister also promised that he will inform the Parliament how much commission the bank advisory committee is earning, if in fact it does, on renegotiating the foreign debt. Joao Cunha said that a former official of the Morgan Guaranty Bank, who has since resigned and who is a good friend of former minister Ernane Galveas, received a commission of \$100 million on the last renegotiation.

Deputy Joao Cunha stressed to Minister Dornelles that Brazil must put an end to its dependence on the foreign sector, because otherwise it will not be in a proper position to proceed with the Constituent Assembly.

Blood and Sweat

Minister of Planning Joao Sayad admitted yesterday that the 7.2 percent inflation last month was achieved "through blood, sweat and tears," and at the price of strict price control implemented by the CIP [Interministerial Price Council] and unrelenting vigilance over public expenditures, and also that this strategy will be continued this month so that a similar result can be achieved.

However, government technicians more directly involved with controlling inflation termed the rate high, in view of the fact that prices were virtually frozen in April, mainly those administered by the government itself--steel, public service rates, fuels, etc., which have a tremendous weight in the structure of the Wholesale Price Index, which in turn plays a great role in the structure of the General Price Index.

According to these technicians, the 7.2 percent in April showed that "inertial inflation," that is the inflation resulting from the simple expectation of price increases on the part of economic agents, is still high, while a drop therein is basic if the reversal of the inflationary process is to be consolidated.

These same technicians noted, however, that it was only in the second half of April that the government decided to embark forcefully on price control on the retail level, taking direct action with the national supermarket chains. Despite this, the prices of farm products were for all practical purposes free, and this fact affected the development of a rate of inflation, which is still high, although 5 percentage points lower than that reported in the month of March.

The intention of repeating the April accomplishment this month will be hindered by some obstacles, however, because the government cannot keep many prices, including public service rates, frozen for 2 consecutive months. Even prices for industrial goods not directly produced by the government can hardly be kept under rigid freeze controls in May, since the industrial sector will end up by seeking ways of avoiding controls and causing de facto increases which in the end will encourage inflation.

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BRAZIL

LIKELY CHANGES IN NEXT CABINET RESHUFFLING

Sao Paulo FOLHA DE SAO PAULO in Portuguese 26 Apr 85 p 6

[Text] Brasilia--The attitude adopted by President Jose Sarney in formally confirming the entire cabinet inherited from Tancredo Neves is explained as a part of the commitment he publicly assumed to the Tancredo government program. Three conclusions are possible in view of this action. Some believe that the president is thus maintaining the link with Tancredo's image. Another explanation is that for more than 40 days, the country has been semiparalyzed, and replacing ministers could be disastrous. It is further noted that the structure established is a very delicate balance created out of political-party and political-regional compromises which are not in all cases very clear and which contain a high potential for conflict.

The conclusion derived from this analysis is that a change by the government in this structure might alter the balance of political forces involved. There are critical instances of disputes among forces within the Democratic Alliance, as the conditions for the ministerial choices from Pernambuco and Bahia bear witness. In order to cope with the difficulties among the parties which make up the Democratic Alliance, President Sarney is seeking to avoid sudden changes.

In any case, while cabinet changes have been postponed, the makeup of the structure inherited from Tancredo Neves does not have the unanimity today it did before. There are those whose positions are strengthened by the death of Tancredo and also some who have lost because of this change. But the cabinet is likely to continue the same until "some new fact" emerges.

The "market quotations" on the cabinet ministers are as follows.

Labor

In view of the need to establish a social pact, Almir Pazzianotto is a key minister in the Sarney cabinet. When the possibility of replacement was raised, the response was categorical: "No one would be so foolish as to let him go."

Military Household

As one of the household ministers, General Rubem Bayma Denys was inevitably one of the personal choices of Tancredo Neves. His appointment was however the result of agreements within the military circle. His position, therefore, is unchanged.

Civilian Household

Jose Hugo Castelo Branco was the personal choice of Tancredo Neves, following a period of great suspense about the choice for this post. Jose Hugo was responsible for the management of the financing of Tancredo's political campaigns. He is likely to be one of the first ministers replaced. Those being mentioned for this post are Aluizio Alves (Administration) and Roberto Gusmao (Industry and Commerce). If replaced, Jose Hugo would probably serve in the government of the Federal District.

Finance

Francisco Dornelles was also one of the personal choices of his uncle, Tancredo Neves. Since he is now in harmony with Minister of Planning Sayad, his area of potential conflict in the government is reduced. He is not likely to be replaced, at least in an initial stage. The PMDB [Brazilian Democratic Movement Party] in Sao Paulo is not contemplating urging his replacement since his probable successor would be Setubal. But he is not likely to have a very lengthy stay in the Sarney cabinet.

Transportation

Affonso Camargo was regarded as the future political coordinator for Tancredo Neves. His opposition to the appointment of Dornelles to Finance limited his opportunities, and he was appointed to a less important ministry. In the event of a cabinet change, he is a candidate for a more powerful ministry.

Air Force

Otavio Moreira Lima caused the beginning of a "military crisis" even before the government following that of Figueiredo took office. The product of a dispute within the Ministry of Aeronautics, his position is unchanged in relation to the conditions under which he was chosen and appointed.

Industry and Commerce

A former secretary in the Montoro government, Roberto Gusmao was one of the personal choices of both Montoro and Tancredo Neves. There are differences concerning his position. Some think he wants to return to Sao Paulo, while others mention him as a potential candidate to head the Civilian Household. There is talk of Karlos Rischbieter (IBC [Brazilian Commerce Institute]) for the MIC [Ministry of Industry and Commerce].

Health

The appointment of Carlos Sant'Anna, in part a result of compromises in Bahian political circles, remains firm thanks to the same conditions which led to it--the regional political balance. He is not in the good graces of the Planalto Palace today, and if there is a cabinet reorganization, he may be replaced.

Urban Development

Flavio Peixoto's position remains unaltered, following his appointment as a result of a regional political compromise. A government policy reassessment might, however, pave the way for new governmental compromises.

Navy

This sector, to which Henrique Saboia was appointed, provided one of the most solid supports Tancredo Neves had for the "transition," but his first ministerial choice was different. As a part of the military scheme, however, this position, like the Military Household, remains unchanged.

Army

The post of minister of army, assigned to Leonidas Pires Goncalves, was important not only in the "transition" compromise, but also in the negotiations allowing the installation of Sarney without complications when Tancredo underwent surgery. Position unchanged.

Agriculture

Pedro Simon was appointed to Agriculture when Brossard lost his opportunity for an appointment to Justice or the attorney general's office. He clashed with the Planalto Palace when he insisted on second-level appointments, which was regarded as "pressure." He is a likely candidate for replacement.

Justice

Regarded as an intimate of Tancredo Neves, Fernando Lyra was even contemplated for the Civilian Household. There is a group of senators in his own party (PMDB) urging that he be dropped, with some support among his colleagues in the Chamber. He is one of those expected to be replaced in the medium time range. His successor would likely be Marco Maciel or Paulo Brossard.

Education

After being appointed to a ministry he did not want (which he accepted in order not to be at any disadvantage in politics in Pernambuco in view of the appointment of Lyra to Justice), Marco Maciel is gaining strength in the Sarney government. He may be appointed to the Ministry of Justice, but says he would prefer to remain where he is.

Science and Technology

In the "logic of friendships," Renato Archer should be the first to be replaced. Apart from being an adversary, he was the political enemy of Sarney in Maranhao. Many people say that for this very reason, his position is "invulnerable." He has had serious clashes in the political dispute with Roberto Gusmao.

Mines and Energy

Aureliano Chaves, along with Maciel, is one of those whose position has strengthened in the present cabinet. However, he is in a delicate situation with regard to the arrangements being made in anticipation of the debate on the presidential succession.

Land Related Issues

Nelson Ribeiro was appointed to his post by Tancredo Neves as a political compromise. His situation will depend on the future assessment in an area to which Sarney says the government will give priority.

Communications

Antonio Carlos Magalhaes is likely to remain where he is despite the rumors that he is a strong candidate for the Ministry of Interior. In the view of the Planalto Palace, he cannot be excluded but could not be strengthened either. The reports that he is a candidate for the interior post are generally attributed to a PMDB faction which would like to leave Communications free for Deputy Freitas Nobre, who was a candidate for the post.

Welfare and Social Security

The appointment of Waldir Pires was also the result of a Bahian regional compromise. His position, although there is no great enthusiasm for it at the Planalto Palace, should remain unchanged.

National Intelligence Service

Tancredo Neves apparently regarded Ivan de Souza Mendes as an alternative choice for this post, after there was discussion of both military and civilian candidates to succeed Medeiros. Ivan de Souza Mendes is regarded today as the "most important" household minister. His service along with Sarney is regarded as most outstanding, among other things because of his actions during the illness of Tancredo Neves and the risks of "pockets of resistance" in political, social and military sectors.

Foreign Affairs

Olavo Setubal is solidly set in the ministry. Depending on the first political reorganizations undertaken, Setubal might even reach the post he

sought during the negotiations on the appointments to the Tancredo Neves cabinet--the Ministry of Finance.

Culture

Jose Aparecido de Oliveira is more a personal friend of Sarney than Tancredo Neves. It is said that he clashed with Marco Maciel, but is likely to remain in the cabinet, although he will not get the Civilian Household appointment.

Armed Forces General Staff (EMFA)

Jose Maria do Amaral Oliveira was the choice resulting from the rotation established among the three branches of the armed forces in heading the EMFA. His position is unchanged.

Debureaucratization

The appointment of Paulo Lustosa came as one of the last political compromises in Ceara. Since then he has pursued a path of political and personal rapprochement with Sarney. His position is unchanged.

Planning

Joao Sayad joined the Tancredo cabinet as the choice of Montoro in view of the resignation of Jose Serra. Today he is one of Sarney's political choices for dealing with the "contention" to which the technocrats in Finance and the Central Bank are inclined. His position has been strengthened.

Interior

Ronaldo Costa Couto is another Tancredo Neves choice. Although there has been talk of his replacement, so that he would serve solely as governor of the Federal District (which post he holds on an interim basis), his method of constant consultation with the PMDB has strengthened his position politically.

Administration

Aluizo Alves was personally chosen by Tancredo Neves. However he has a long tradition of political party coexistence (UDN [National Democratic Union]) with Sarney. It is said that he is a strong candidate to head the Civilian Household.

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BRAZIL

FACTORS PROJECTING INEVITABILITY OF 1986 DIRECT ELECTIONS

Sao Paulo FOLHA DE SAO PAULO in Portuguese 26 Apr 85 p 5

[Article by Clovis Rossi and Galeno de Freitas]

[Text] Brasilia--One of the most influential parliamentary leaders in the Democratic Alliance termed the advancement of direct presidential elections, without a doubt to 1986, "inevitable" yesterday. This prediction is based on two facts: first, the revelation in yesterday's edition of JORNAL DO BRASIL of the idea of former vice president Aureliano Chaves that direct presidential elections should be moved up to 1986 (the formal denial by the current minister of mines and energy does not change the fact that this is really what he wants), and secondly, the candidate's speech delivered by the president of the PMDB [Brazilian Democratic Movement Party], Deputy Ulysses Guimaraes, at the funeral of Tancredo Neves.

The former vice president's idea, as reported in JORNAL DO BRASIL, caused surprise at the Planalto Palace, perplexity in the PFL [Liberal Front Party] and irritation at the Ministry of Army. General Leonidas Pires Goncalves, who heads this ministry, hastened to telephone President Jose Sarney first thing in the morning to deny that he had talked about the matter with Aureliano Chaves, as the newspaper said he had. In fact, it is less important whether the general talked with the former vice president or not than it is to confirm the position of the military chiefs, especially Generals Leonidas Pires Goncalves, Ivan de Souza Mendes (SNI [National Intelligence Service]) and Rubens Bayma Denys (Military Household), one of unlimited respect for the so-called "Commitment to the Nation" signed by the PMDB and the PFL, which refers the establishment of the date for direct presidential elections to the Constituent Assembly.

Meanwhile the military sector is being besieged by influential PMDB leaders precisely with a view to weakening this resistance. It is even known that General Leonidas Pires Goncalves was much impressed by the popular demonstrations at the funeral ceremonies for Tancredo Neves. The applause for PMDB leaders, Ulysses Guimaraes in particular, in all cases went along with expressions of firm support for the guidelines for change, in accordance with which the majority of the people are willing to exchange the direct election slogans for "Change Brazil," the campaign slogan of Tancredo Neves. The PMDB leaders made the military leaders attending these demonstrations see that

President Sarney not only was not applauded, but was the focus of expressions of mistrust, in the form of such phrases as "Watch out for him!", which the people gathered along the funeral procession route shouted to the PMDB leaders.

The expectation that early presidential elections are inevitable is also based on other concrete facts, including the following.

1. At least four important political leaders are motivated by a desire to be elected to the presidency and are in a hurry. These individuals, apart from Aureliano Chaves, are Ulysses Guimaraes and Governors Leonel Brizola and Franco Montoro.

In both the PMDB and the PFL, the speech delivered day before yesterday by Ulysses Guimaraes was interpreted as a candidate's speech, in particular because the president of the PMDB is not limiting himself, as are the majority of the others, to assuming the commitments of the Democratic Alliance passively. He proposes to serve as a "tool" for their realization, a tool "for democracy, the unemployed, the underemployed, the wage earners, the dispossessed."

Already Montoro, who has not made his candidacy explicit, believes that two possibilities for the succession are on the discussion table. One is that the Constituent Assembly will set the date of the presidential elections, and the other is that they will be held simultaneous with the election of constituent delegates. And Montoro makes it clear that he prefers this second plan.

Brizola, finally, has never concealed that he wanted, for Tancredo Neves himself, a term of office of only 2 years. If this was the case with a president with broad political and popular support, it is clear that the governor of Rio de Janeiro will risk everything in direct 1986 elections with a president who is weak in both respects.

2. Concerning the real ideas of Aureliano Chaves (despite the denials), the assessment the minister of mines and energy voiced to a current cabinet colleague should be taken into account. Aureliano Chaves felt betrayed by circumstances, to the extent that he felt he was better qualified for the presidency than Tancredo Neves. He was, he told this minister, better prepared and had greater popular support (determined on the basis of public opinion polls taken prior to the definition of the succession picture). Now, if he believed he was better than Tancredo, what will he say of Sarney?

Sarney himself, moreover, told PMDB deputies he was aware of his weakness even prior to the death of Tancredo Neves. He said then that he was confronted with the simple fact of being able to preside over the transition to democracy, first of all by removing the so-called authoritarian debris, and then through the acceptance of direct presidential elections, even if held in 1986. And he passed on to the deputies the results of the initial poll on this precise subject taken in the military sectors: there was strong resistance to early direct presidential elections.

It is obvious that once definitively installed in the presidential seat, Sarney may change his thinking, particularly since the possibility of direct elections in 1986 is not unanimously accepted in the PMDB itself, and to a much lesser extent in the PFL. Yesterday, Senator Jorge Bornhausen, president of the PFL, when asked about the positions adopted by Aureliano Chaves, confirmed again that his group urges integral fulfillment of the agreement assigning the decision on the date for direct elections to the Constituent Assembly. And other major leaders of the front who asked not to be identified said that Aureliano Chaves himself, when asked a few days ago, indicated agreement with this position.

The picture within the PMDB is in general outline as follows:

1. At least two ministers in the party, Minister of Justice Fernando Lyra and Minister of Administration Aluizio Alves, follow the reasoning set forth by Bornhausen, believing that the Constituent Assembly must decide how long the term shall be. "If the government were not going well, the Constituent Assembly, which will have sovereign authority, could schedule the presidential elections for the early months after its inauguration in 1987," Lyra says. Aluizio Alves repeated his exact words.
2. The organized left, still embedded in the PMDB, is committed to Sarney for 4 years. Deputy Roberto Freire (PMDB), of Pernambuco, a member of the Committee for the Legalization of the Brazilian Communist Party, made this position very clear in talks with FOLHA yesterday. Which is understandable: the inevitable upset which would follow the future convocation of direct elections in the short run would create a climate unfavorable to the legalization of the clandestine parties, which is today their greatest ambition.
3. The left wing independent of the party is wavering. There are some deputies, for example Joao Hermann Neto of Sao Paulo, who prefer that Sarney govern for 4 years and complete the transition to democracy. Others, such as Francisco Pinto of Bahia and Luiz Henrique of Santa Catarina, want to wait and see. "I will wait 30 days to see what happens," Luiz Henrique says. Francisco Pinto believes that if Sarney governs progressively (and he is relatively hopeful he will), there is no reason to force early presidential elections.
4. The position of the highest PMDB leaders is more ambiguous. They cannot immediately express a desire for early elections on pain of destroying the stability of the government of which, after all, they are the main guarantors. Nor can they (in the case of Ulysses Guimaraes and Montoro) clearly launch an electoral campaign, because the risk would be the same. But they are aware that the inherent weakness of the Sarney government leaves no alternative but to convoke direct elections for 1986.

The only thing hindering bolder movements in this direction is fear of losing ground, which is understandable but, at this point, exaggerated. All of the influential politicians with whom Folha talked voiced the same impression: the military leaders of the so-called "New Republic" are firmly committed to the defense of legality.

The problem is that the legality in effect does not call for elections in 1986. To violate it and convoke elections for the coming year would provide a pretext for military action, which no one desires. Particularly since, and on this point too all are in agreement, Governor Leonel Brizola, the obvious candidate, is a spectre in the eyes of the military sector.

In any case, Airton Soares predicts, if the PMDB or Brizola should go into the streets with the "Direct Elections Now" (or almost now) slogan again, the repercussions would be formidable. Therefore, a cautious silence is being maintained in order to consolidate the Sarney government and allow it to begin functioning. But the silence is not likely to last long. After all, Aureliano Chaves himself, and it was he who launched the confusion, indirectly, has already made it clear in talks with high-ranking authorities in the new government that he will break the silence he has maintained until now.

Montoro Willing To Discuss 1986 Elections

Sao Paulo--Although with the reservation that the nation should at this moment concern itself with other more urgent problems, Governor Franco Montoro, 68, admitted yesterday that he is prepared to discuss the proposal attributed to Minister of Mines and Energy Aureliano Chaves, 56, that direct elections for the president of the republic be held in 1986. "I only hope that this proposal is not set forth as the most urgent problem of the country at this time," Montoro said. He further urged united support of the Sarney government, concerning which the term of office to be served "should be discussed and determined by the Congress and the National Constituent Assembly," setting aside discussions and speculation about possible candidates.

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BRAZIL

ONLY THREE GOVERNORS OPPOSE NOVEMBER MAYORAL ELECTIONS

Sao Paulo FOLHA DE SAO PAULO in Portuguese 5 May 85 p 6

[Article by Galeno de Freitas]

[Text] Disappointment is in store for anyone hoping that the state governors will resist--conspicuously, at least--the restoration of direct elections for the mayors of state capitals in November of this year. That change is to be approved by the National Congress in a concentrated effort next Wednesday.

Of the 18 state governors contacted by FOLHA DE SAO PAULO, only 3 were openly opposed--for different reasons--to direct elections in November. They are Roberto Magalhaes of Pernambuco, Leonel Brizola of Rio de Janeiro, and Joao Alves of Sergipe. An absolute majority (10 governors) is favorable without any qualification, while another 5 are in favor, but with reservations of various kinds.

Undesirable Test

In principle, the governors elected in 1982 with the "right" to appoint the mayors of their capitals will lose from the restoration of that right to the citizens, or at least they will be subjected to an undesirable test. In the Northeast, for example, with the exception of Aracaju (Sergipe), the PMDB [Brazilian Democratic Movement Party] won the elections in the capitals (as well as winning a majority on the municipal councils), and nothing except a split in the opposition parties could make anyone think that the former PDS [Social Democratic Party], which has now become the PFL [Liberal Front Party] everywhere except in Bahia, has reversed that situation. It is therefore to be expected that not only will the PMDB win municipal control of the state capitals, but also that those elected--if the elections really take place--will also be potential candidates for state governor.

Who Is Opposed?

Governor Leonel Brizola is not taking an open stand against the principle of direct elections in the capitals (he was elected mayor of Porto Alegre in the 1950's), but he also is not concealing his aversion to such elections in Rio de Janeiro this year. His argument--a very useful one--is that elections for president, state governors, the constituent assembly, and mayors will coincide.

Ever since Tancredo Neves launched the idea of holding elections in November of this year for the mayors of capitals, political analysts have identified Leonel Brizola as the target of that move. After all, Rio de Janeiro's interior is not very important politically, and if the PDT [Democratic Workers Party] loses the election in the capital, Brizola's prestige will be greatly eroded. But since Brizola's political instincts indicate that the idea is popular, he is saying in public that the PDT "will win the race" for mayor in Rio de Janeiro, and he supports, under protest, the constitutional amendment restoring direct elections.

"One Year More or Less"

Even when Tancredo Neves was still alive and had announced that there would be direct elections in the capitals in 1985, Roberto Magalhaes opposed the idea openly. He argues that "1 year more or less" is not going to destroy the democratic character of the "New Republic" and that it is desirable in every way that the governor and mayor in the same capital be of the same party. Roberto Magalhaes, who was the first PDS governor in the Northeast to support "direct elections now" in 1984, says, however, that he will not interfere in the voting by PFL federal deputies on Wednesday.

It is clear, however, that oppositionist feeling is strong in Recife, and no matter how enlightened Roberto Magalhaes proves to be in his conservatism, it will be very difficult for him to retain control of city hall in Recife. There is a possibility that the PMDB, which has a superabundance of candidates, will split and lose important people to the PDT (one example being Deputy Jarbas Vasconcelos), but even that possible split will not ensure victory by the Liberal Front, since what is left of the PDS in Pernambuco also intends to put up a candidate for mayor in Recife.

Sergipe Governor Joao Alves does not want an election this year even though the PDS won in Aracaju in 1982. The possibility of having a governor from one party and the mayor from another strikes him as very disconcerting. He therefore considers it appropriate not to hold the mayoral election until 1986.

In Favor, but...

Among the governors who say they favor direct election of the mayors of capitals this year but feel that the result may be the breakup of the Democratic Alliance are two PMDB governors in the North: Gilberto Mestrinho of Amazonas and Jader Barbalho of Para. Both say they do not fear the ballot box--they are certain that their candidates will win--but they do fear the impact of the contest on the PMDB.

Franco Montoro of Sao Paulo and Jose Richa of Parana agree, at least in public, with the idea of an election in November. But following a quite similar line of reasoning, they want the current mayors--Mario Covas and Mauricio Fruet, both undoubtedly votegetters in the two capitals--to be able to run so that the population will have the right to judge the work they are doing.

Gymnastics

Last week, Montoro was even working with jurist Joao Afonso on a brief to be submitted to Congress with the argument that since the current mayors were not elected, they are eligible for election. It is not likely that the federal deputies--many of whom are themselves candidates--will buy that bit of legal gymnastics. But the Sao Paulo governor makes it clear that he will accept the decision reached by Congress and that if he cannot have Covas, he will look for someone else.

Iris Resende of Goias, who would certainly win an easy victory in Goiania, would also like to have the current mayor--Nion Albernaz--as his candidate. He is up against the same problem as Montoro and Richa--the TSE [Superior Electoral Court] has already responded negatively to inquiries on the subject--and says he prefers not to see the work of the current mayor suffer a solution of continuity.

Surprise in Northeast

Surprise: in cities where the PMDB proved to be hegemonic in 1982--Salvador (Bahia), Teresina (Piaui), Maceio (Alagoas), and Natal (Rio Grande do Norte)--the governors, all elected by the PDS, are willing to support direct elections in the capitals this year.

Joao Durval in Bahia is apparently counting on the split in the PMDB, which will lose important people to the PDT (former Mayor Mario Kertecz, for example), to ensure his candidate's victory. Elections are also scheduled in Bahia this year (in September) in 31 municipalities that were formerly "national security areas."

In Alagoas, Governor Divaldo Suruagy wants the election because he regards as viable a coalition between the PDS and the PFL that might beat the PMDB's candidate, since the PMDB is going to be divided as a result of losing Deputy Mauro Mendonca to the PDT and Sandoval Caju to the PTB [Brazilian Labor Party]. Suruagy recalls that he was the last elected mayor of Maceio and that he is very familiar with his city.

Governor Jose Agripino Maia of Rio Grande do Norte is more or less indifferent to how the vote on the constitutional amendment restoring direct elections turns out, but he says he is not opposed to the idea. He will go along with the result of the voting. But Hugo Napoleao of Piaui is more emphatic: "The time has come for the capitals of the federal political units to have their rulers chosen by direct vote." In the same vein, Luis Rocha of Maranhao says: "I have always favored direct elections because I have always supported participation by the people in the selection of their representatives."

In Mato Grosso do Sul, several of whose municipalities were formerly classed as national security areas, Wilson Martins (PMDB) is unreservedly in favor of holding elections in the capitals this year: "I support direct elections for the mayors of the capitals, and I feel that they must be held at the same time as the elections in the municipalities emancipated from the National Security

**How the Governors Feel About Direct Elections
for Mayors of the State Capitals in November**

Region	State	Governor	Party	Quali-fied support	Unquali-fied support	Opposed	Not contacted
South	RS	Jair Soares	PDS		●		
	SC	Espiridião Amin	PDS		●		
	PR	José Richa	PMDB	●			
South-east	SP	Franco Montoro	PMDB				
	RJ	Leonel Brizola	PDT			●	
	MG	Hélio Garcia	PMDB		●		
	ES	Géson Camata	PMDB				●
Center-West	GO	Íris Rezende	PMDB	●			
	MS	Wilson Martins	PMDB		●		
	MT	Júlio Campos	PMDB				●
North-east	BA	João Durval	PDS		●		
	AL	Divaldo Suruagy	PFL		●		
	SE	João Alves	PFL			●	
	PE	Roberto Magalhães	PFL			●	
	RN	José Agripino Maia	PFL		●		
	PB	Wilson Braga	PFL				●
	MA	Luiz Rocha	PFL		●		
	PI	Hugo Napoleão	PFL		●		
	CE	Gonzaga Mota	PFL		●		
North	AM	Gilberto Mestrinho	PMDB	●			
	PA	Jáder Barbalho	PMDB	●			
	AC	Nabor Júnior	PMDB				●
	RO	Jorge Teixeira	PDS				●

Key to state abbreviations:

RS	Rio Grande do Sul	SE	Sergipe
SC	Santa Catarina	PE	Pernambuco
PR	Parana	RN	Rio Grande do Norte
SP	Sao Paulo	PB	Paraíba
RJ	Rio de Janeiro	MA	Maranhão
MG	Minas Gerais	PI	Piauí
ES	Espirito Santo	CE	Ceará
GO	Goiás	AM	Amazonas
MS	Mato Grosso do Sul	PA	Para
MT	Mato Grosso	AC	Acre
BA	Bahia	RO	Rondonia
AL	Alagoas		

Law. Elections in those municipalities have already been scheduled for September, but my opinion is that both elections should be held in the same month: in November."

Governor Jair Soares of Rio Grande do Sul, who directly opposed the campaign for "direct elections now" for president on the grounds that they were inopportune, has now changed his mind because circumstances have changed. He now gives total support to direct elections in the capital and in the 20 municipalities in Rio Grande do Sul that have been freed from the National Security Law. He is still a member of the PDS, to which he has added an "RG" [Rio Grande do Sul] to differentiate it from Maluf's PDS, and he hopes to compete successfully for control of city hall in Porto Alegre, since the PMDB and the state's strong PDT are not getting along with each other.

11798
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BRAZIL

NEW AMENDMENTS STRENGTHEN PMDB IN MAYORAL ELECTIONS

Brasilia CORREIO BRAZILIENSE in Portuguese 12 May 85 p 4

[Article by Leite Filho]

[Text] The virtual disappearance of the PDS [Social Democratic Party] and the probable freezing out of the Liberal Front, neither of which has a chance on its own of winning control of a single city hall in the state capitals, are the features of the new electoral geography resulting from the package of amendments approved by Congress this week.

That package, the immediate results of which are elimination of the subslate, the possibility of interparty coalitions, and the immediate holding of direct elections in the state capitals and other cities with appointed mayors, is not going to lead, however--as has been imagined--to a transformation of the PMDB [Brazilian Democratic Movement Party] into a Mexican-style single party.

The fact is that the main party in the government is now witnessing the undermining of its foundations by the PDT [Democratic Workers Party], whose structure puts it in a position to compete in eight state capitals--Porto Alegre, Florianopolis, Curitiba, Rio de Janeiro, Salvador, Maceio, Recife, and Sao Luis--and to benefit from the divisions among PMDB members.

The election on 15 November of this year--the first to be held without the authoritarian fetters of the past 21 years--will also favor the emergence of such charismatic figures as Janio Quadros, whom the polls place first in the race to become mayor of Sao Paulo.

Another phenomenon that may result from direct elections in the state capitals is greater participation by women, who are credible candidates in at least 5 of Brazil's 23 capitals: Porto Alegre, Belo Horizonte, Vitoria, Natal, and Porto Velho.

The survey conducted in state capitals by CORREIO BRAZILIENSE also reveals the appearance of the PCB [Brazilian Communist Party], which has already announced that it will run its chief spokesman in Congress, Deputy Roberto Freire, as a candidate for mayor of Recife.

Porto Alegre: The PDT-PDS tandem, whose ticket is headed by former Deputy Alceu Colares, with State Deputy Darcy Furtado as candidate for deputy mayor, is threatening this traditional PMDB stronghold. There are two main contenders for the PMDB's nomination: Federal Deputy Jose Fogaca and State Deputy Jose Carrion, Jr. The PFL [Liberal Front Party], which is almost nonexistent in the state, is in no position even to form a coalition, since the contest will represent a polarization between the PMDB and the PDT.

Florianopolis: In this old bastion of the PDS--current Governor Esperidiao Amin carried the capital by 12,000 votes--it looks as though the electoral geography is going to assume surprising features. The current governor (PDS) may ally himself with Senator Jaison Barreto and sponsor the latter's candidacy for mayor under the PDT banner. The official PMDB may choose either Federal Deputy Nelson Wedekim or State Deputy Edson Andrino. Nomination by the PDS, whose chances will be reduced if it goes into the campaign alone, is being sought by Wilson Philomeno, secretary of the Civilian Household, and Municipal Councilor Alcino Vieira. And the Liberal Front is divided between former Mayor Claudio Avila da Silva and alternate Federal Deputy Enio Branco.

Curitiba: Former Mayor Jayme Lerner, who has joined the PDT, is emerging as the main candidate on the strength of two felicitous terms as mayor. Even though nominated and appointed by the PDS, he earned the title of one of the best administrators in the country. Current Mayor Mauricio Fruet of the PMDB, who might have run against Lerner, has been made ineligible by the electoral reform. PMDB members are now considering Federal Deputy Amadeu Geara and State Deputies Roberto Riquiao and Adahil Sprenger. The PFL and the PDS, which are of no political significance in Curitiba, are competing to form a coalition with the PDT to secure the post of deputy mayor.

Sao Paulo: Former President Janio Quadros, who carried the capital when he was the PTB [Brazilian Labor Party] gubernatorial candidate in the last election, is again a challenger in the polls. Mayor Mario Covas of the PMDB, his main rival, is ineligible. The PMDB is now considering Fernando Henrique Cardoso, Samir Achoa, Freitas Nobre, Almir Pazzianotto, Roberto Cardoso Alves, and Tidei de Lima. The PT [Workers Party] may run Eduardo Suplicy. The PDS has no chance at all, while the PFL would be a serious contender only if the current minister of foreign relations and former mayor, Olavo Setubal, agreed to run, but he is a candidate for state governor. The PDT, which may form an alliance with Janio Quadros and provide the deputy mayor, is divided between former Deputy David Lerer and former gubernatorial candidate Roge Ferreira.

Rio de Janeiro: Leonel Brizola's PDT has still not chosen a candidate, and the same is true of the other parties, which may benefit from the governor's unpopularity. Activist leader Jo Rezende, Deputy Governor Darcy Ribeiro, and Secretary of Labor Carlos Alberto Cao are singled out as the chief hopefults. In the PMDB, Federal Deputy Jorge Leite may control the convention and win the nomination, but Municipal Councilor Sergio Cabral and TV critic Arthur da Tavola are close on his heels. In the PFL, Federal Deputies Rubem Medina (who may have support from the Globo Television Network) and Alvaro Valle are contending for the nomination. The PDS has no chance, and the PTB is thinking of running Federal Deputy Fernando Carvalho, while the PT wants to form an alliance with the PDT.

Belo Horizonte: The PMDB is divided among 10 mayoral hopefuls, the chief ones being Sergio Ferrara, Alvaro Antonio, Junia Marise, Manoel Costa, Luis Otavio Vale, and Jorge Carone Filho. The PFL is presenting a strong candidate: former mayor and current Federal Deputy Mauricio Campos. The PDS is practically nonexistent in this capital, while the PDT, which has no chance, will run Jose Maria Rabello as its candidate.

Campo Grande: State Deputy Jonathan Barbosa and Municipal Councilor Jordano Neto are the favorites in the PMDB. The PFL may run Levy Dias, who has already been the city's mayor twice, while the PDS has not yet made up its mind, although it is considering Deputy Albino Coimbra.

Cuiaba: Federal Deputy Dante de Oliveira, who authored the "direct elections now" amendment, and State Deputy Rodrigues Palma, son-in-law of former Governor Garcia Neto, are contending for the PMDB's nomination. The PDS, which is important in the city because of political action by Governor Julio Campos, may accept the candidacy of former university rector Gabriel Novis, who is the alternate for Senator Roberto Campos. The Liberal Front is trying to ally itself with the PMDB candidate.

Goiania: Federal Deputy Iram Saraiva and State Deputies Daniel Antonio and Moises Abrao are contending for one of the PMDB's biggest strongholds. The PDS is finished everywhere in the state. In the PFL, former Deputy Governor Rui Brasil may be the candidate, but he has no chance of winning. The PDT, which intends to make an appearance, although with no chance of winning, may nominate Prof Paulo Timm.

Vitoria: State Deputy Rose Freitas is in the strongest position to be the PMDB's candidate, while Crisogono Teixeira is representing the PDS, which is as gutted here as it is in the rest of the country. The PFL and the other parties do not exist in this state.

Salvador: Former Mayor Mario Kertecz, the most popular figure in the city, is threatening to join the PDT and has already announced that he will participate in the congress that will turn the latter into a socialist party. The PMDB may select Federal Deputy Marcelo Cordeiro, and the PFL is concentrating on Deputy Franca Teixeira. The PDS, although strong in the state's interior, was massacred in the last election, when it obtained less than 15 percent of the vote in Salvador. Current Mayor Manoel Castro would be the only one in a position to compete, but he is ineligible.

Aracaju: Federal Deputy Jackson Barreto will contend with Municipal Councilor Bosco Mendonca for the PMDB's nomination. The PDS and the PFL, which have not yet split up completely due to the indecisiveness of the Franco family and Governor Joao Alves, are having to choose between current Senator Passos Porto, Deputy Helio Dantas, and engineer Jose Carlos Machado, secretary of water resources.

Maceio: State Deputy Mendonca Neto of the PDT is considered the biggest political phenomenon of the moment. The PMDB may choose Deputy Renan Calheiros, while the PTB has a populist candidate in Sandoval Caju. The Liberal Front is

seeking an agreement with the PMDB to run Federal Deputy Jose Thomaz Nono as a way of checking the rise of the PDT's Mendonca Neto.

Joao Pessoa: The PMDB is divided among State Deputy Marcos Odilon, Jorio Machado, and Municipal Councilor Antonio Augusto Arroxelas, but the party command may intervene to name someone traditional such as Antonio Mariz, Carneiro Arnaud, or Pedro Godim. The PDS and the PFL, which--as in Aracaju--have not yet decided to split up, may name former Mayor Damasio Franca.

Recife: The name of the main opposition candidate still depends on the decision to be made by the PMDB's Jarbas Vasconcelos, the most popular figure in the capital, who is threatening to join the PDT if he is passed over by his party. The official PMDB is divided among Sergio Guerra, Sergio Murilo, and Murilo Paraiso. Governor Roberto Magalhaes' PFL may nominate former Mayor Augusto Lucena. The PCB has already announced that its candidate will be Roberto Freire, and the PDS does not exist in this capital.

Natal: State Deputy Garibaldi Alves, nephew of Minister Aluizio Alves, is emerging as the big favorite in the polls and will probably be nominated by the PMDB. Federal Deputy Joao Faustinho is emerging as the chief candidate in the Liberal Front, although Secretary of State Ibere Ferreira de Sousa has some chance. The PDS, which is gutted, is leaning toward the nomination of Wilma Maia, wife of former Governor Lavoisier Maia, as its candidate.

Fortaleza: The PMDB nomination is being sought by Federal Deputies Paes de Andrade and Antonio Moraes and State Deputy Manoel Arruda. The PFL, which may break up because of a disagreement between Governor Luis Gonzaga Mota and Deputy Governor Adauto Bezerra, is trying to get its candidate on the PMDB ticket for election as deputy mayor. The PDS may be dead in the state if there is confirmation of the report that Senator Virgilio Tavora's group is joining the PMDB.

Teresina: Federal Deputies Wall Ferraz and Heraclito Fortes and former Governor Chagas Rodrigues are seeking the PMDB nomination. The PDS is finished in the state, and Governor Hugo Napoleao's PFL may nominate Federal Deputy Jonathan Nunes.

Sao Luis: Deputy Epitacio Cafeteira, the most popular figure in the PMDB, is saving himself for the gubernatorial race, while his PMDB is divided between State Deputies Carlos Gutierrez and Haroldo Saboia. The PFL is suffering a disaster because the current mayor, Mauro Fecuri, is ineligible to run, but it may settle on Ricardo Murad, the brother of Jorge Murad, President Jose Sarney's son-in-law. The PDT's Jackson Lago, a physician, may have some chance if the PFL and PMDB do not agree on a compromise solution for city hall.

Belem: In the PMDB, nomination is being sought by Deputy Vicente Queiroz and Municipal Councilor Emanuel O'de Almeida. Federal Deputy Antonio Amaral is the favorite in the PDS, while the Liberal Front may back Celio de Sousa of the Alacid Nunes group. There may be a coalition between the PMDB and the PFL, and that would destroy the chances of the PDS, which is very weak.

Manaus: Governor Gilberto Mestrinho exercises iron control over the PMDB and may draw a name out of his vest pocket for the mayor's job, and his choice may fall on Secretary of Planning Jose Dutra. But the campaign by Federal Deputy Mario Frota and State Deputy Bete Aziz may impose an independent candidate. Artur Virgilio Neto may be one option. The PDS, broken by its recent defeats, may run Deputy Jose Fernandes, while the PFL--also a minority--may back State Deputy Humberto Michiles, the son of Senator Eunice Michiles.

Porto Velho: Municipal Councilor Raquel Candido e Silva is emerging as the strongest candidate in the PMDB, while the Liberal Front may nominate Federal Deputy Francisco Erse. The PDS, which has some chance of being a contender, is divided between Deputy Leonidas Rachid and Haroldo Leite, the current secretary of planning.

Rio Branco: The PMDB is divided between State Deputy Adalberto Aragao and Ariosto Miguez, who at one time was deprived of his political rights. The PFL does not exist in the state, and the PDS is leaning toward Federal Deputy Wildy Miana.

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BRAZIL

AFRICAN ENVOYS AWAIT SETUBAL'S POSITION ON APARTHEID

Brasilia CORREIO BRAZILIENSE in Portuguese 1 May 85 p 9

[Article by Yolanda Vianna, of the international staff]

[Text] The African diplomatic community in Brasilia is awaiting, with some apprehension, the meeting of their ambassadors with Foreign Relations Minister Olavo Setubal at which he is to explain his statement to the effect that he is ready to step up economic and trade relations with South Africa. Black Africa's representatives in Brasilia consider this meeting necessary in that they do not understand "why the foreign relations minister decided to alter the Brazilian policy followed until then of opposition to Pretoria's system of apartheid."

Other sources say more blandly that they do not believe the version of Olavo Setubal's speech reported by the newspapers and that "there could have been an error of interpretation." They explain that the Brazilian Government "would not suddenly change its position toward the Republic of South Africa's policy of racial discrimination."

The issue is delicate and the African diplomats prefer to act with greater caution than usual despite their dissatisfaction. There are, for example, those who prefer to "excuse" the foreign minister "because he is a banker and has not yet had time to become completely informed about Brazilian policies on international issues." For this reason, "the alternative is to give the foreign minister time to reflect upon his position," said one source.

African diplomatic missions in Brasilia further recall the statements of ex-foreign minister Saraiva Guerreiro, who "always expressed himself in opposition to any type of racist attitude of South Africa." And in the embassies there is hope that Brazil will continue to position itself in this manner.

In view of this expectation, African representatives take different positions regarding the possibility that Brazil will step up relations with Pretoria. The Nigerian position is well known. The Nigerian Government does not accept any relationship with South Africa, which opens up an area of conflict.

It should be recalled that in 1983 Nigeria exported to Brazil \$195,434,000 of goods and imported \$82,822,000. Last year Nigeria bought from Brazil about \$653 million [as published] and exported to Brazil \$967,296,000 [as published],

mostly in petroleum. Comparing the last 2 years, there was an increase of 8.5 percent in Brazilian imports and 29.8 percent in exports.[as published].

This increase in trade is due to the policy followed until now by Itamarati [Brazilian Foreign Affairs Ministry] of condemning apartheid in South Africa.

But Togo, which in 1983 imported from Brazil goods worth \$5,079,000 and last year bought \$3,387,000, does not believe in the efficacy of economic pressure in this case, inasmuch as an interruption of trade would not favor either of the countries involved. It happens that Brazil imported nothing from the Republic of Togo during the last 2 years.

According to diplomatic sources, the amount of trade already existing between Brazil and the African countries "could have weight". in the decision about a probable boost in relations between Brazil and Pretoria and "it is hoped that the Brazilian Government will recall the importance of the existing trade. As the figures show, the trade account has generally been in balance, providing good results for all," the African representatives recall.

Including only the nations of the central part of West Africa, such as Cameroon, Ivory Coast, Gabon, Ghana, Nigeria, Senegal, Togo and Zaire, Brazil has a market of about 139 million persons, according to UN population estimates made in 1979.

The amount of trade with these countries in 1983 was \$506,676,000, of which Brazil exported \$381,230,000 and imported \$125,446,000. In 1984 the total rose to \$1,897,000,000, with Brazilian exports of about \$907,281,000 and imports of \$989,851,000.

In view of these figures and with the possibility that this trade "could be jeopardized because of a misunderstanding," the ambassadors of the eight African countries mentioned above decided to meet and choose two of their number to represent them in the meeting with Minister Olavo Setubal. Simon Senghor, the ambassador of Senegal, was chosen because he has been in Brazil the longest, to be accompanied by the Nigerian ambassador, Olayemi Abiola, due to the significance of his country's trade with Brazil.

As this meeting has not yet been confirmed, the matter is likely to be brought up between Itamarati and the Nigerian foreign relations minister, who will be in Brazil from 11 to 14 May heading a mission on an official visit.

South Africa

For its part, South Africa found the words of the Brazilian foreign minister very welcome, according to South African ambassador Alexander van Zyl: "The minister's position is justifiable in that South Africa is one of the world's 15 leading markets."

The ambassador said further that "politics is wholly unrelated to trade" and for this reason the statements of Minister Olavo Setubal "should not have been surprising." In 1984 Brazil exported about \$130 million to South Africa and imported \$43 million.

BRAZIL

SAO PAULO RESIDENTS GENERALLY CONFIDENT IN SARNEY

Sao Paulo FOLHA DE SAO PAULO in Portuguese 28 Apr 85 p 4

[Text] The majority (69.8%) of Sao Paulo residents are willing to extend credit, albeit limited, to President Jose Sarney. Of those interviewed by a FOLHA DE SAO PAULO survey, regarding Sarney's ability to fulfill the program outlined by Tancredo Neves, 34.5 percent answered "yes, completely" and 35.3 percent said "only in part," while those who discredit the new president total 23.3 percent.

The poorest segments of the population show the most confidence in President Jose Sarney's ability to carry out the promises made in a speech soon after the death of Tancredo Neves, as 45.6 percent of the lowest-income category answered, "yes, completely" to the question, while there was a substantial decline as income rose (31.2 percent and 25.9 percent, in that order). For those who answered "no," they do not believe he can do it, the reverse occurred: to the degree that income increases, the percentage rises (14.0 percent, 23.4 percent and 34.4 percent).

PMDB [Brazilian Democratic Movement Party] partisans, as can be seen in the table, of those declaring a party preference, show an above-average degree of confidence in Sarney (37.5 percent say "yes, completely" and 38.4 percent say "only in part"). In the "no" category, the PMDB percentage is less than the average, 20.8 percent. On the other hand, those interviewed who prefer the PT [Workers Party] show below-average figures in the "yes, completely" item (21.2 percent), while keeping above average in the other items.

Members of other parties did not show figures much different from those of the population as a whole. But it should be noted that among those whose party preference is the PDS [Social Democratic Party] there is a negative vote for Sarney: 44.8 percent answer "no" and only 17.2 percent answer "yes, completely." The situation is the reverse for those who are members of the Liberal Front Party [PFL]: 48.3 percent believe that President Sarney will be able to fulfill Tancredo's program and only 17.2 percent do not believe he can.

Tancredo's program? What program? The inaugural document of the Democratic Alliance and the campaign speeches of Tancredo Neves are marked more for their ambiguity than for their clarity. This is the reason that the second question of the FOLHA DE SAO PAULO poll was "open" (in a "closed" question, the person interviewed indicates his preference for one of several previously prepared items; in an "open" question, his answer becomes the item). This permits evaluation of what the interviewee considers the Tancredo Neves program to be.

P. 1 O presidente José Sarney, em pronunciamento à Nação após o falecimento do presidente Tancredo Neves, afirmou que seu programa de governo será o mesmo de Tancredo Neves. O(a) SR(a) acredita que o presidente José Sarney tem condições de executar o programa de governo traçado por Tancredo Neves?

Question 1: President Jose Sarney, in a speech to the nation after the death of President Tancredo Neves, declared that his program of government would be the same as that of Tancredo Neves. Do you believe that President Jose Sarney will be able to carry out the government program outlined by Tancredo Neves?

Key:

1. Sex and Age	12. 17 to 19 Years
2. Level of Household Income	13. 20 to 35 Years
3. Age Group	14. 36 Years and Over
4. Men	15. Four Times the Minimum Wage or Less
5. Women	16. From 4 to 10 Times the Minimum Wage
6. Category	17. More Than 10 Times the Minimum Wage
7. Yes, completely	
8. Only in part	
9. No	
10. Don't know	
11. Number of interviews	

P.1 — O presidente José Sarney, em pronunciamento à nação após o falecimento do presidente Tancredo Neves, afirmou que seu programa de governo será o mesmo de Tancredo Neves.

O(a) sr(a) acredita que o presidente José Sarney tem condições de executar o programa de governo traçado por Tancredo Neves?

CATEGORIAS (10)	(1) PREFERÊNCIA PARTIDÁRIA							(8)	(9)	TOTAL %
	(2) PMDB	(3) PT	(4) POS	(5) PFL	(6) PTB	(7) PDT	não tem pref			
Sim, totalmente (11)	37,5	21,2	17,2	48,3	(4)	(2)	34,3	33,9	34,5	
Apenas em parte (12)	38,4	40,4	34,5	31,0	(2)	(2)	31,4	28,1	35,3	
Não (13)	20,8	33,7	44,8	17,2	—	(1)	26,1	15,7	23,3	
Não sabe (14)	3,3	4,8	3,4	3,4	—	—	8,2	23,3	6,9	
NÚMERO DE ENTREVISTAS (15)	461	104	29	29	6	5	245	121	1.000	

Question 1: President Jose Sarney, in a speech to the nation after the death of Tancredo Neves, declared that his program of government will be the same as that of Tancredo Neves. Do you believe that President Jose Sarney will be able to carry out the government program outlined by Tancredo Neves?

Key:

1. Party Preference	10. Categories
2. Brazilian Democratic Movement Party	11. Yes, Completely
3. Workers Party	12. Only in Part
4. Social Democratic Party	13. No
5. Liberal Front Party	14. Don't Know
6. Brazilian Labor Party	15. Number of Interviews
7. Democratic Worker's Party	
8. No Party Preference	
9. Don't Know	

Grouping the answers in 15 categories, it appears that Sao Paulo residents believe the principal points of Tancredo's program to be fulfilled by Sarney are: reduction of inflation and the cost of living; fighting unemployment; improving wages; and calling direct elections for president of the republic.

As can be seen by the poll, economic problems constitute the major concerns of those interviewed, as the three measures mentioned most often are within the scope of the government's economic policy.

Analyzing the answers according to income and age, it is noted that reduction of inflation and the cost of living has a higher rating in the middle-income group (26.7 percent) and among older persons (32.3 percent). But combating unemployment takes priority at the lowest income level (21.3 percent), falling to the extent that income rises (16.5 and 11.5 percent, in that order), and among the youngest (23.0 percent), decreasing with age (18.3 and 12.0 percent, in that order).

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BRAZIL

SIX BIOTECH RESEARCH PROJECTS RECEIVE ADDITIONAL FUNDING

Sao Paulo GAZETA MERCANTIL in Portuguese 3 May 85 p 10

[Article by Yves Leon Winandy]

[Text] Sao Paulo--The State of Sao Paulo's secretary of industry, commerce, science, and technology, Einar Kok, yesterday signed six more contracts for the financing of biotechnological research. Their total value is 910 million cruzeiros (\$182,000). The projects represent the second phase of the State Biotechnology Program, which was officially started in February of this year with a total allocation of 2.47 billion cruzeiros being granted for 17 projects in that field.

"These new contracts mark the consolidation of the Montoro administration's effort to contribute to biotechnology in our country and help increase food supplies," said Joao Alexandre Viegas, director of the secretariat's Department of Science and Technology (DCET). The DCET is the organization in the secretariat that is responsible for administering the program, whose funding now totals 3.8 billion cruzeiros (\$764,000), including 434 million cruzeiros to be invested by EMBRAPA [Brazilian Agriculture and Livestock Research Enterprise].

Pollution

Most of the package made available yesterday is divided among three main contracts. They involve a total investment of 705.4 million cruzeiros (\$141,000) to be used for three projects concerned with the treatment of agroindustrial waste. The funds will finance work to be done by the State of Sao Paulo's Institute of Technological Research (IPT).

The biggest single investment (235.95 million cruzeiros) concerns a project to study startup methods and techniques for coagulating the sludge in upward-flow biodigesters with sludge beds on a laboratory scale. This research is aimed at studying the possibilities for using vinasse as the substrate in those biodigesters.

Brandy Residue

Another project costing slightly less (235.59 million cruzeiros) calls for similar research. It is aimed at studying the startup of upward-flow biodigesters

with internal clarification using residue from the distillation of brandy. In this case, however, the objective is to build a pilot plant in an attempt to develop control methods for the use of brandy residue as the raw material in the production of fertilizers, animal feed, and biogas.

Another 233.82 million cruzeiros have been earmarked for the development of new analytical methods for monitoring the process of anaerobic digestion. The intention is to establish appropriate methods for measuring microbial activity in biodigesters.

Pests

The remaining allocation (205 million cruzeiros) is also divided among three new projects, the most important of which is concerned with monitoring of the fruit fly. This project will be carried out by the Biological Science Institute of Sao Paulo University, which is receiving 87.3 million cruzeiros (\$17,400) to develop a new strategy for controlling that pest and reducing the amount of pesticide normally used.

The Agricultural Biotechnology Center (CEBTEC) and the Luiz de Queiroz Agrarian Studies Foundation (FEALQ) are receiving 64 million cruzeiros (\$12,800) to carry out a joint project. The objective: to establish a scientific method making it possible to increase forest productivity through the use of biological techniques, specifically in eucalyptus and pine forests.

Beans

One last research project--also to be carried out by those two research centers--is aimed at coming up with a hybrid bean that can withstand high temperatures and adverse conditions of salinity and low moisture. This project, which calls for the use of in vitro techniques for developing the new product, has been allocated total financing of 53.7 million cruzeiros (\$10,700).

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BRAZIL

BRIEFS

MILITARY AT USSR RECEPTION--Hundreds of persons showed up at the Soviet Union's embassy for the reception that Ambassador and Mrs Vladimir Tchernichov held to commemorate the "40th anniversary of the defeat of Hitlerian fascism." But the big news of the party was the presence of uniformed Brazilian military. It is the first time in the history of the Soviet embassy in Brasilia that members of the Brazilian armed forces appeared there--and in uniform. It is known that about 40 military men had been invited and some of them, representing the three branches of the services, were there. This would have been something completely impossible just 1 year ago. From the inauguration of the embassy until the present day such a presence, dreamed of by the chiefs of the mission there, was never possible, even at earlier parties commemorating the end of the war, as, for example, the 30th or the 35th anniversary, if it were a matter of the date. Today the times are different. Fresh winds are blowing and the reports of the Soviet embassy in Brasilia to their superiors in the Kremlin will carry the great news. As this taboo was applied to all the other embassies of East Europe countries, military men will certainly also be found at the receptions of those embassies from now on. And, who knows, if everything follows along this path, Brazil and the Soviet Union will end up exchanging military attaches! [Text] [Brasilia CORREIO BRAZILIENSE in Portuguese 11 May 85 p 22] 8834

TEN BISHOPS SUPPORT BOFF--Rio de Janeiro--Ten Brazilian bishops expressed their "nonacquiescence" to the sanction of 1 year of silence imposed by the Sacred Congregation for the Doctrine of the Faith (formerly the Holy Office) of the Vatican on Brazilian theologian Father Leonardo Boff, author of the book "Church, Charisma and Power," in which he advocates liberation theology. In an official note divulged yesterday, the 10 Brazilian prelates asserted that "both the sanction and the manner in which it was applied are not very evangelical." "As bishops of the Catholic Church of Brazil, we feel bound to express publicly our nonacquiescence in regard to the sanction imposed upon our theologian Leonardo Boff," the document points out. Its signers represent the "moderate" and "progressive" wings of the Brazilian clergy. The note is the first reaction of the Brazilian church and is signed by the archbishop of Goiania, Fernando Gomes dos Santos; the bishops of Picos (Piaui), Augusto Alves da Rocha; of Crato (Ceara), Pompeu Bezerra Bessa; of Ji Parana (Rondonia), Antonio Possamai; of Chapeco (Santa Catarina), Jose Gomes; of Sao Felix do Araguaia (Mato Grosso), Pedro Casaldaliga; of Goias Velho (Goias), Tomas Balduino; of Porto Nacional (Goias), Celso Pereira de Almeida; of Crateus (Ceara), Antonio Batista Fragoso; and of Registro (Sao Paulo), Jose Dias. The group will send letters to the pope and

and to the prefect of the Sacred Congregation for the Doctrine of the Faith.
[Text] [Brasilia CORREIO BRAZILIENSE in Portuguese 12 May 85 p 14] 8834

SOLIDARITY WITH CHILEAN DETAINEES--Porto Alegre--Under the slogan "Adopt a political prisoner," the Rio Grande do Sul Committee for Solidarity with the Chilean People launched in Porto Alegre yesterday a nationwide campaign to obtain funds for financing the legal defense of the over 3,000 persons who are prisoners and confined in Chile for political reasons. According to the coordinator of the campaign, Jair Krischke, given the economic situation in Chile, the families of the prisoners are no longer able to pay for lawyers and the latter, likewise, cannot continue working without charge, as they had been until now. Krischke estimates that the expenses for defense of each prisoner are about 300,000 cruzeiros monthly. [Text] [Rio de Janeiro O GLOBO in Portuguese 9 May 85 p 17] 8834

CERAMICS INDUSTRY MODERNIZATION--Sao Paulo--The Department of Science and Technology (DCET) of Sao Paulo's Secretariat of Industry and Commerce is concluding its work of drawing up a program for the modernization of Sao Paulo's red ceramics industry, which produces materials used in construction. Joao Alexandre Viegas, head of the DCET, says: "We are in the final phase of preparations for the signing of the contract." According to Viegas, the program calls for modernization of the sector's production processes, including ways to conserve energy. The industry comprises about 300 firms scattered among more than 200 municipalities in the state. "They represent over 25,000 jobs, or as many as there are in the data processing industry," says Viegas, thus emphasizing the social importance of the project. The head of the DCET also announced that a pilot plant for the production of animal feed based on milk waste (whey) would be inaugurated within "a few days." This project is being set up by the Institute of Technological Research (IPT) in Guaratingueta at a cost of about 500 million cruzeiros. [By Yves Leon Winandy] [Text] [Sao Paulo GAZETA MERCANTIL in Portuguese 3 May 85 p 10] 11798

CSO: 3342/173

COLOMBIA

LIBERAL STUDIES INSTITUTE CALLS ECONOMIC POLICY INEFFECTIVE

Bogota EL TIEMPO in Spanish 13 May 85 p B-6

[Text] The director of the Liberal Studies Institute, Hernando Gomez Buendia, has contended that there is something rotten about President Belisario Betancur's economic policy when "he stubbornly insists on continuing to apply, beyond all historical justification, a model that has proven ineffective in reducing unemployment, saving foreign exchange and evolving towards competitive efficiency."

Gomez Buendia was speaking in Medellin at the Second National Meeting on Unemployment. Speaking on behalf of the Liberal Party, he said that private enterprise is the most solid groundwork for democracy and, therefore, "it cannot be reduced to giant companies, not even in the modern sector."

He said that the Liberal Party wants to pave the way for collective rationality and, therefore, we should not confuse the interest of a company with that of its major shareholders or allow others to pay the price for improvident management.

He asserted that it would be wrong not to tell the country about "the schizophrenia of an administration that is blindly pursuing an economic policy that aims at a harmful and impossible resurrection of the past" in the sense of protecting big business.

Budget Deficit and Foreign Debt

He said that Betancur's efforts to save major industries and banks from going broke have been and still are the main obstacles to resolving the two most critical problems facing the country today: its budget deficit and its foreign debt.

"The budget deficit is critical because if we combine the amount of the stunning and disparate emergency bailouts of the National, State, Bogota and Colombia banks with the lines of recovery credit that Minister Gutierrez Castro opened for every company in trouble, with the 'Capitalization and Shareholder Democratization Fund' and its twin, the Financial Capitalization Fund, we get a figure of around

120 billion pesos, which is not far from the 127 billion peso operating deficit that the central government ran in 1984 and exceeds the 77 billion peso deficit expected this year. If these bailouts had not taken place, there would have been a great deal more leeway for managing the government's finances. And there would still be in 1985 if the administration had not chosen to distribute the meager funds left over from 'self-discipline' to Congress, which is asking for 45 billion, and for the recapitalization of the financial system, another 35 billion," Gomez Buendia said.

He then talked about the "semiclandestine history of negotiations with the International Monetary Fund," indicating that "much of the mess is due to a small group of industrial and banking entities, which apparently owe more than \$5 billion."

He said that it is "hard to understand why Betancur agreed to IMF monitoring when Carlos Lleras Restrepo rejected it twice during his administration when it was really needed" or why "we gave the IMF, as an extra, the agreements with the World Bank on imports and with OPIC on foreign investment."

Eliminating Subsidies

He noted that the crisis is irreversible and that everyone is eliminating subsidies, citing several "closures of white elephants, breakups, industrial reconversions and privatizations" in many countries.

In contrast, he asserted, "while so many countries, both rich and poor, both socialist and capitalist, are getting rid of their white elephants, here we give them artificial hearts, lungs and kidneys. Colombia is indeed going its own way. While other governments shed their deficit-ridden industries, the government here takes on the deficits of private companies. While losses are privatized in other countries, here they are nationalized (the State Bank case) or are 'democratized' in the form of bonds that must be converted into shares."

Such a blatant blunder cannot be mere accident or whim, he said. "It goes much farther, to the point at which economics becomes politics, because an all-out defense of troubled big business has to do with the interests of three social forces: the owners, who through government subsidies enjoy monopoly and oligopoly privileges; the workers, the less than two percent of the work force employed in a dozen companies that used to be 'standard-bearers' and who enjoy wages higher than the average in the 'informal' [informal] sector; and the State, for which the modern-sector enterprises serve as collectors of indirect, withholding and other taxes."

In conclusion, he said that the "dividing line between the Conservative and the Liberal parties is the same line that separates the past and the future," adding that his party must be strong so that the following saying of Confucius does not apply to it: "To know what is just and not to do it is the worst form of cowardice."

COLOMBIA

NEW LIBERALISM CRITICIZES ADMINISTRATION FOREIGN POLICY

Bogota EL ESPECTADOR in Spanish 13 May 85 p B-6

[Text] In the middle of last week New Liberalism issued a communique in which it assesses the foreign policy of Belisario Betancur's administration.

Since we regard it as of particular importance, we are herewith reprinting the complete text of the Galan movement's document.

Although the Betancur administration's foreign policy has been one of the most controversial issues in our nation in recent years, we must acknowledge that it has improved Colombia's international image, according it a meritorious leadership on Central American and foreign debts issues, thanks mainly to the president's tireless activities and to his manifest good will. The worth of these efforts is obvious from a reading of the world press, especially the European and Latin American press, and from the interest that other countries have shown for Colombia in world forums.

Nevertheless, the New Liberalism is concerned about the institutional vacuum that the administration has created by not calling a session of the Foreign Relations Advisory Committee in more than a year. This and the minimal information that the administration is furnishing to Congress on foreign policy could result in the various political forces not feeling involved in or committed to President Betancur's foreign policy, except perhaps the ruling party.

For the above reasons, the New Liberalism feels that it must comment publicly on our current foreign policy.

The Contadora Group

The efforts under way within the Contadora Group and, hence, in the search for peace in Central America are praiseworthy and deserve support. Nevertheless, concern about this region is absorbing too much of the administration's energy, and the issue is becoming disproportionately important while other foreign policy matters are being downplayed.

Venezuela and Ecuador

Relations with our neighbors, especially Venezuela and Ecuador, have been deeply affected by exchange problems, in spite of which no dynamic, consistent policy has been charted over the past 2 years to surmount them. The Chambers of Commerce and Integration of Colombia and Venezuela have taken the lead in looking into bilateral problems, but the first government-level meeting this year in Venezuela was a failure. The current ambiguities in the dispute over offshore and underwater border demarcations must be cleared away, so that a procedure can be adopted in the short run to resolve it in a mutually satisfactory manner; alternately, the dispute could be shelved for several decades as long as agreement has been reached on navigation and fishing in the zone in question. The important thing is to see to it that this issue does not further disrupt the handling of other bilateral issues of equal or greater interest.

The lack of communication between the central banks of Colombia, Venezuela and Ecuador and the absence of meetings of the Mixed Commission have worsened the tragic situation in border towns, and Venezuela specifically has not indicated avenues for bilateral action on the mechanisms and instruments provided for in the applicable 1939 treaty.

In spite of the good lines of communications between Presidents Betancur and Lusinchi, recent years have paradoxically marked a low point in relations between Colombia and Venezuela. Relations were obviously not advanced by the communique in which our Foreign Ministry used the phrase "vital interests" without bearing in mind the consequences that the 1939 treaty attaches to the words. For the above reasons, we welcome the announced meeting in Arauca in June between Presidents Betancur and Lusinchi and we hope that the talks in Rumichaca between Presidents Betancur and Febres Cordero bear fruit. We would like Venezuela to bear in mind that the recent oil discoveries in Arauca and along the Venezuelan border by both countries should lead them to coordinate policies and, perhaps, operating systems for their mutual benefit and in order to take optimum advantage of these resources. The same should hold for the management of our common basins of the Orinoco and of the tributaries of Lake Maracaibo, as well as in resolving the problem of drug trafficking and crime along the border.

Latin American Integration

Latin America's problems relating to integration movements and, in particular, to renewed Andean integration have continued to worsen, without governments making any significant efforts to counter the trend. Latin American economic integration has not been a failure, as a Conservative presidential hopeful has claimed. Its stagnation is, in fact, due mainly to the absence of real political will on the part of governments, in particular the Colombian Government, whose Latin American policy has been reduced almost exclusively to the Contadora Group.

The potential of our own regional integration exceeds that of cooperation with non-Latin American groups. What we basically need is renewed political support for Latin American and, specifically, Andean integration, so that general interests can prevail over the interest groups and individual monopolistic interests that have predominated in recent years.

The European Economic Community

At the outset of his administration President Betancur took a trip to Europe. We all thought that a new era in our relations with the EEC was beginning. Nonetheless, the relations have languished almost to the point of disappearing. The administration is ignoring such salient facts as that the FRG is the main buyer of our coffee, that our trade with Spain is heavy and ought to increase, that Italy could be a major coal buyer, that the Scandinavian countries have always been active trading partners and that the diversification of our economic relations ought to be the cornerstone of our foreign policy.

The Countries of the Pacific

In Senate debate during the most recent legislative session, New Liberalism pointed out to the administration that it lacked a foreign policy for the Pacific. Since that debate we have not seen the administration take any new action in that area, such as opening an embassy in Australia or negotiating trade agreements with any country in the region. It continues to ignore the fact that the countries of the Pacific Basin are posting the world's fastest economic growth at present and will maintain that pace in the near future. It is acknowledged all over the globe that world predominance will shift to that region of the world, where we have an extensive coastline.

Geostationary Orbit

We do not know either whether the agenda for the talks with President Reagan included the issue of the geostationary orbit, where American interests that do not separate the responsibilities of the public and private sectors are plundering away.

The shelving of the Satcol project led to the placement of two satellites in the segment of the geostationary orbit that lies over Colombian territory. In any event, because the United States has violated the UIT regulations that it itself approved, Colombia should submit the violation to the arbitration system provided for in these same regulations, in a bid to have these satellites moved elsewhere. In this regard, we feel that the administration has taken a positive step by submitting the Nairobi agreement and the Geneva regulations to Congress for its approval.

The IMF

The country still does not understand what the talks with the IMF are about. Economic policy is dutifully following the fund's recommendations, in spite of which there is still talk of mere coincidence. The most serious thing, however, is that despite toeing the line, the country has been unable to secure new loans as quickly as it needs to from either the World Bank or commercial banks. Commercial banks are insisting, in fact, on going beyond the monitoring that the IMF is engaged in with respect to the performance of the Colombian economy. The reason for all this is that this approach is completely different from the one that the IMF has traditionally taken in its relations with the countries that sign aid agreements.

The policy that the IMF has established marks a substantive change, moreover, in the policy that the administration had been pursuing. From recovery we have moved into a planned recession, and as a result real wages have fallen, which had not been the case for almost 10 years. The extremely serious problem of unemployment is growing worse, because new job opportunities cannot be created during a recession. Industry, which was on the road to recovery, is now faced with a relative open-door to imports (57 percent at year end). Public services are going to be reviewing their costs more quickly, which will boost rates to barely affordable levels. Fuel prices will be increased this year to near their world levels. These measures will aggravate inflation. As New Liberalism predicted, the cost of living will rise faster in 1985 than in any other year over the past two decades.

This troublesome economic and social panorama is similar for almost all Latin American countries. The austerity policy will have a profound social impact and deep repercussions on the campaign debate and on the peace process. Amid their immediate difficulties, Colombia and the other countries of Latin America must not lose sight of the need to spur a reform of the international monetary system to provide a new framework for the foreign debt problem.

The Concordat

This July is the deadline established in the existing concordat with the Holy See for making adjustments and amendments to it. Even though New Liberalism made opportune mention of the issue during Senate debate, the administration has not decided whether it ought to make changes in the concordat, ignoring the great importance that specific issues, such as abolishing the civil force of a Catholic marriage, will have for major segments of Colombian society. New Liberalism is in favor of obligatory civil marriage because this will put an end once and for all to the countless circumventions of Colombian civil law and canon law. It should be the responsibility of the couple to decide whether they want a subsequent religious ceremony.

The 1975 concordat, which is about to expire, will go down in Colombian diplomatic history as having fulfilled a necessary mission, which was not merely to supersede the obsolete 1888 concordat. The main merit of the 1975 concordat is that it put an end to the system that was established in 1924 and that became known as the Concha Law; the 1975 concordat also abolished the much criticized Missions Agreement, which was signed in 1953.

However, having seen the further development of concordat law and having examined the content of the most recent concordats (the pacts with Spain of 28 July 1976 and 3 January 1979; Austria, 9 January 1976; Switzerland, 2 May 1978; Bavaria, 27 September 1979; Monaco, 30 July 1981, and last year's pact with Italy), we feel that Colombia's concordat must be amended and updated.

New Liberalism is prepared to help in this updating with all of the dedication, earnestness and hard work that the matter requires, for the benefit of our families and the spiritual well-being of the Colombian people.

Foreign Investment

New Liberalism would like to point out that the major statements that President Betancur made in the United States about the autonomy of Latin American countries do not seem consistent with the measures that the administration has been taking with respect to foreign capital and investment. Indeed, ties with OPIC (Overseas Private Investment Corporation) constitute a violation of Decision 24 of the Cartagena Agreement by leaving it up to foreigners to rule on domestic disagreements and conflicts with American investors and renouncing the enforcement of Colombian law on the delicate issues that could arise in this field. During the aforementioned debate in the 1984 Senate session, New Liberalism spoke out against the administration's intention to repeal existing foreign investment legislation under the illusion that it will be able to increase the net flow of such investment into Colombia. The administration is apparently unaware that foreign investment depends largely on the size of the market, the climate of confidence and profit outlook. Colombia has to make sure of these three factors, not blame the existing regulations, which, in fact, provide stable ground rules for sound investment. We believe that the administration must be very careful about what has come to be called the loosening up of Decision 24, so that it does not needlessly surrender a major international bargaining chip.

Nicaragua

It bears mentioning that after New Liberalism made its points in the Senate, the Betancur administration got the Nicaraguan Government to show a more constructive attitude towards Colombia on the issue of our archipelago of San Andres and Providencia. In addition, we should underscore the foreign policy realism of including Cuba in the Central American peace talks.

Hemispheric Policy

New Liberalism feels that the recent moves by the governments of the United States and of Nicaragua are completely wrong, because they tend to aggravate the existing conflicts and, above all, impart overtones of an East-West confrontation to the Central American problem. The people of the region must reject any stand that heightens the involvement of the major powers in local conflicts. Latin American must continue seeking solutions to its problems on its own, without the interference of the interests involved in the East-West conflict.

For the above reasons and for many others, Latin American regional systems must move ahead, and the structure and operations of the battered OAS must be overhauled so that it can be put on a more realistic foundation that will enable North And South American to engage in more constructive and balanced dialogues. The inter-American system must include Canada, Cuba and the other countries that have not yet joined.

The election of new government leaders in Argentina, Uruguay, Brazil and Peru has profound significance for the future of democracy in the Americas. The failure of populist governments and military dictatorships has opened a new era for the expansion of democracy in our hemisphere, during which this political system must demonstrate its validity and effectiveness amid the complex social and economic crisis brought on by the foreign debt and international trade problems. The times demand joint action by Latin American democrats to consolidate freedom and to finally achieve true social justice in our countries. We hope that the political significance of President Betancur's attendance at the swearing in of these leaders is confirmed by Foreign Ministry action to spur close and fruitful relations with these governments.

The positive moves that we acknowledge the current administration has made and the support that we offer for its peace efforts within the framework and spirit of Contadora cannot lead us to overlook the imbalances in our foreign policy and its neglect of sectors that are essential to Colombia's interests.

8743

CSO: 3348/690

COLOMBIA

BRIEFS

1985 CENSUS EMPLOYS 16,000--Some 16,000 persons will have jobs over the next 4 months conducting the national census, reported the director of the National Employment Service, Hernando Torres. The 1985 census will be conducted throughout the country next October. The hiring for the census and survey work was done to give job opportunities to the great many professionals and specialists who have been unemployed for a long time. Names were selected according to the number of people in the National Employment Service's files in its various offices around the country, so that those hired could do the census work in the own area. Each census group consists of a departmental delegate and two aides, plus four operations center chiefs with two aides each, among others. Torres asserted that the hiring of this personnel is one of the strategies that the administration has charted through the Labor Ministry to counter the nation's unemployment problem. [Text] [Bogota EL TIEMPO in Spanish 13 May 85 p D-12] 8743

CSO: 3348/690

COSTA RICA

PVP CRITICIZES NEW 'PUEBLO UNIDO' FOR NOT BEING 'REVOLUTIONARY'

San Jose LIBERTAD REVOLUCIONARIA in Spanish 3-9 May 85 p 2

[Commentary by Franklin Carvajal B.]

[Text] After employing several legal artifices to deceive thousands of members and sympathizers of "Pueblo Unido" [United People], the leaders of the Socialist Party and of the group that now calls itself the Movement of the New Republic have succeeded in registering an election coalition under the name of United People, which as they themselves happily admit, has nothing to do with the United People that aroused the enthusiasm and spirit of unity of thousands of Costa Ricans.

Behind the abovementioned parties is the group of the Mora Valverde brothers. I used the word "behind" because the coalition is backed only by the Socialist Party and the Movement of the New Republic, and only candidates from these two parties are running for the posts shown on its tickets. Thus, Fabio Araya Monge, in addition to serving as chairman of the coalition's Executive Committee, is a sure-fire candidate for the top spot for deputy from San Jose. Other major spots have been assigned to the Socialist Party.

Last week in the Legislative Assembly, leaders of the three parties held a press conference at which they announced the goals of the coalition. It is noteworthy that the document they made public emphasizes that "United People is proposing a new social reform that will enable us to achieve a more just and humane society."

We do not find that this statement, which seems to be the coalition's backbone, is revolutionary at all or that it will help the country to overcome structural problems of the prevailing regime. The candidates of National Liberation and Social Christian Unity come out in favor of all sorts of reforms every day. We are certain that if we asked Calderon and Arias whether they are in favor of an unjust and inhumane society, they would say absolutely not. In other words, agreeing with the gentlemen from United People, they would come out in favor of "a more just and humane society."

The document in question contains another noteworthy reference, and it has to do with the situation in Central America. The text reads: "We firmly oppose the military intervention of the United States or of any other power as an answer to the problems, inasmuch as this would merely heighten the conflicts."

One thing has become quite clear: the only power that is intervening and that has not concealed its interest in intervening more heavily in every way in Central America is the United States under Reagan. At the same time, it has been the ideologues of imperialism who have endeavored to spread the false theory that the Central American problem stems from the struggle between the two superpowers and have striven to have us believe that the Soviet Union has expansionist designs in the area.

Pursuing an opportunist policy that only helps the enemies of our peoples, the gentlemen who swiped the name United People have taken a neutral stand by placing the United States and the Soviet Union in the same category, that is to say, the aggressors and the nation that is helping Nicaragua to raise its people's living standard and that is the primary barrier preventing Reagan from realizing his insane aggressive designs.

It is clear, as the leaders of the PSC, MNR and PPC have advertised, that today's United People has nothing to do with the real United People that represented the hope of our country's masses. Those of us who were part of that coalition, men and women from every corner of the country representing the widest range of ideologies and religions, today we are closing ranks around the presidential candidacy of Dr Rodrigo Gutierrez Saenz, a man who embodies the aspirations of thousands of Costa Ricans who long for a truly free country. Today we are ready to battle the candidates and parties of the oligarchy and to forge a new path for our people.

8743
CSO: 3248/371

DOMINICAN REPUBLIC

PROGRESSIVE NATIONAL FORCE PARTY ASSESSES POLITICAL SITUATION

Santo Domingo LISTIN DIARIO in Spanish 8 May 85 p 4

[Text] The Progressive National Force Party has asserted that the democratic system, the existence of which no one should question in spite of the setbacks and limitations it has suffered, is in the midst of a grave crisis that makes the prospects for preserving and consolidating it difficult and uncertain.

The following is the full text of a document that the party approved at its most recent convention last Sunday:

There are times in the life of nations when courses must be changed so that new eras can begin. These are times of major decisions. The Dominican people face just such a time as we gather here for this Second National Assembly.

The democratic system, whose existence no one should question in spite of the setbacks and limitations it has suffered, is in the midst of a grave crisis that makes the prospects for preserving and consolidating it difficult and uncertain.

There are various, complex causes of this crisis, but the main one is this. In recent years the country's economic and social development has stagnated, prompting a sharp decline in the living conditions of the masses and heightening the inequalities and the injustices in the distribution of the nation's wealth.

As the impoverished masses and growing numbers of the formerly flourishing middle class eke out their existence while high and mighty minorities amass great fortunes, social conflicts inevitably arise, as in April 1984, taking the form of sudden, violent outbursts that demonstrate eloquently how poorly we are doing and forebode the tragedy that could befall us.

Neither as a political system nor as a way of life can democracy survive for long in a society that is so dominated, like ours, by inequality, injustice, privilege and poverty. Democracy and the freedoms that accompany it must flourish in a more just and stable society. As members of the Progressive Party we must dedicate ourselves to achieving this goal.

Another major cause of the crisis in our democracy is the general climate of frustration brought on by the widespread and demoralizing practice of cheap politics and populist demagoguery.

Indeed, the masses and our young people in particular have good reason to feel cheated and confused, inasmuch as the party that is now misgoverning the nation has regrettably forgotten about its promise to make the fundamental social changes that our society requires. An increasingly large percentage of the people have lost faith in many leaders, who once portrayed themselves as true champions of their causes and have turned out to be mere swindlers, if not crude political hucksters.

In close connection with the above there has been a strong trend towards dissolution and chaos as a result of rampant social indiscipline. This social decay is manifest both in apparently inconsequential incidents in daily life and in the increasingly scandalous spread of greedy administrative corruption of all types.

The phenomenon of administrative corruption has touched high levels of government and, to society's great irritation, has gone unpunished.

Incidents such as the Regina Express crime or the theft of a million pesos from the vaults of the Central Bank itself, to cite just two examples, have created the widespread impression that there is serious disorder, not merely injustice.

History tells us that the inevitable consequence of mounting corruption that goes unpunished and of the cynicism and indolence that it brings is the weakening and eventual total breakdown of democratic institutions.

The Existing Two-Party System: a Fatal Trap

The traditional parties do not seem to fully grasp these overriding problems, which perhaps explains why they have become battlefields for unbridled ambitions.

The ruling Dominican Revolutionary Party is responsible for the loss of our economic sovereignty through the intervention of the International Monetary Fund; for making political patronage an official government policy; for the marked worsening in basic public services, especially health care and schooling; for the exhaustion of the nation's overseas credit in the wake of so many burdensome loans; for the alarming rise in unemployment and underemployment and the criminal abandonment of the peasant masses; for the relentless surge in factional struggles,

which are now taking place in government itself; for the mounting violations of the rule of law and of its legal code; for the shamelessly bold prevalence of embezzlement, official misfeasance and influence peddling; for the brutal and bloody crackdown on the people every time they have come out against the administration's draconian measures; for the reckless plundering of our natural resources, especially our forests; for the growing tastelessness in politics and the discrediting of the nation's symbols; for the massive inflows of illegal aliens; for the fall in production in key sectors of the economy and for the rise in profiteering and usury in the face of an indifferent administration.

These developments, brought on by the Dominican Revolutionary Party (PRD), have earned it the nickname "Party of National Desperation" and flatly disqualify it from continuing to chart the nation's destiny, no matter who its presidential candidate is.

Now then, if we look calmly and carefully at the Reformist Party and its top leaders, who are regarded as the other pillar of the democratic system, we will see that there are more than enough reasons to fear for its fate too.

The respect and admiration that we have professed for its leader and the warm relations that many Progressives maintain with members of that organization will never prevent us from speaking certain truths, because before men and parties come the sacred and permanent interests of the people, who after all must bear the consequences of the mistakes and inconsistencies of their leaders.

Even though this party is home to legions of estimable men and women and even though its distinguished leader was the most constructive and hardworking chief of state in recent times, it has shown itself to be manifestly incapable of engaging in effective opposition politics. This and other similar weaknesses helped the PRD to retain power in 1982. What is even more worrisome, however, because of the high hopes that the party raises, is that it suffers from serious, self-confessed limitations in undertaking the social reforms that our society needs so urgently to emerge from the predicament into which the wayward and irresponsibly populist PRD administration has plunged it.

The Reformist Party's policy in the opposition has been misguided and vacillating, if it has a policy at all. Regrettably, it has made preposterous proposals for coalition and alternating governments. It has been lenient and complacent towards the politicians who have cheated our people. It has failed to take proper advantage of the administration's crass blunders. It has often made defeatist and perplexing statements. In short, it has taken vague stands and made counterproductive turnabouts, which only the naive describe as brilliant moves for hidden purposes, ignoring that their record has been one of total failure. There are now many who see in such hesitancy and

inconsistency the absence of a real and unambiguous desire for power, perhaps in a bid to safeguard the party's longstanding leader from the perils of grassroots disenchantment.

As if this were not enough, the party is still home to shady, discredited forces and figures who have more power and influence than ever. Backed by Dr Balaguer himself, they could well lead him to another disaster at the polls and, what is more, if the party takes office in 1986, they would once again be able to commit their multifaceted outrages against the republic free from controls or constraints.

As far as we Progressives are concerned, the nation's problems and the people's enemies will not disappear with the defeat of the PRD.

Under these circumstances, the two-party system that some want to preserve has all the characteristics of a fatal trap. And if we do not challenge it, it could lead us in a few years, if not sooner, to a major national disaster that would give rise to a period of instability and chronic violence in which the forces of radical revolution would vie for supremacy with the forces of a reactionary dictatorship.

The Force Moves Ahead

We of the Progressive National Force firmly believe that these dangerous threats to democracy can be countered and overcome to the extent that it can regenerate itself through the emergence and expansion of new parties and new leaderships that can bring to bear on our national struggles the enormous human, moral and political reserves of our society, as well as all those who, having been committed in the past to the traditional parties or other groups, realize that the time has come to follow new guides along safer, more promising paths.

We of the Progressive National Force are convinced that a major realignment of social and political forces is going to come about under the present circumstances. We can already see the first signs of this and we Progressives are the ones who are called upon to take the lead in this trend.

The Progressive National Force must continue to put forth great efforts to become the political vanguard and representative of hundreds of thousands of Dominicans who feel that the traditional political organizations, given their present deplorable conditions, have run their historic course.

These Dominicans want and deserve a new choice.

The Progressive National Force has been demonstrating unmistakably and compellingly that it is beginning to shine as a strong and thriving organization. It is being joined by men and women who realize that

the time has come to do great things by practicing a different sort of politics, an essentially ethical politics that truly identifies with the nation's general interests.

It is obvious that the Progressive National Force and its leader, Dr Vincho Castillo, are establishing deep roots in our people. And many are the adversaries who are starting to be concerned and fearful about our growth, which is merely the inevitable upshot of the firmness and consistency of our positions.

The Progressive National Force will keep on growing throughout the nation, because it is an ideal vehicle for the people to intensify their struggle for a better future, and this realization gradually creates in all us Progressives the mystique that is essential to serving this grand purpose.

Nevertheless, even though we have good reason to feel enthusiastic and confident about our future, we must bear in mind that we still have a long road ahead of us, especially in organization and in developing our own profile, and that we will have to sidestep many traps and stumbling blocks to become an invincible representative of the majority of the Dominican people.

The Progressive National Force and the 1986 Elections

The 1986 elections are of paramount importance for the fate of the democratic system. Many of us see it as perhaps one of the last chances to redeem our democracy and correct its flaws and shortcomings, because we feel, and quite rightly, that the Dominican people, let down and defrauded by the PRD, will not allow further deception and betrayal. So then, how should the Progressive National Force participate in the upcoming election campaign?

For the reasons we have set forth, the Progressive National Force can play a stellar role in the upcoming election to the extent that it clearly charts a proper, timely and viable electoral policy that faithfully reflects the aspirations of the masses at this dramatic crossroads in the nation's history.

The Progressive National Force asserts in this declaration that it intends to run in the next election, as long as there are guarantees that the people can express their will freely and honestly.

In keeping with its avowed intention to offer an alternative to the traditional parties, the Progressive National Force feels that it should run its own candidates and that our group's presidential candidate should be its president and founder, Dr Vincho Castillo, who has been establishing himself day after day as a new national leader, who undeniably embodies the virtues of honesty, competence and valor and who is demonstrably devoted to social change within the framework

of a pluralist democracy. This far-reaching decision is fully in keeping with the arduous demands posed by the critical conditions in the country and is the fruit of lengthy deliberations and in-depth examination by the members of this National Executive Directorate.

At a time when dishonesty and unreliability dominate public life, what better response is there than the proven honesty and uprightness of a man like Vincho Castillo? At a time when lies and deceit have become the quintessence of politics, what better response than his sense of responsibility and devotion to the truth? At a time when incompetence and stupidity are wreaking havoc in the nation, what better response than his great intelligence and outstanding talents? At a time when cowardice, inconsistency and flip-flopping dominate the political scene, what better response than his unquestionable resolve and courage? At a time when legal safeguards and rights are shown little respect, what better response than his unimpeachable devotion to the law and to our institutions? At a time when injustice and inequality are the hallmark of our society, what better response than his unswerving dedication to social change, democracy, freedoms and pluralism?

To contribute to the success of our ticket, we must strive to nominate for the other national and municipal positions the sort of men and women who likewise embody these outstanding human, ethical and intellectual qualifications. Many are already among our ranks, but many more will join.

Just as the human body creates antibodies when it is attacked by invaders, societies give birth to men and organizations that will bring about their regeneration. The Progressive National Force and its leader, Dr Vincho Castillo, are the agents that will regenerate Dominican society and the democratic system that governs it.

Nevertheless, we feel that our leader and president should be the one who decides, as national events unfold, when and how to put this course of action into practice. In taking this step and in taking on this historic responsibility, we are aware of the sacrifices and efforts we are imposing on ourselves. Nonetheless, no matter how great they might be, they will always be dwarfed by the searing, heart-rending tragedy of the great masses of our people.

The Progressive National Force and Alliances

The Progressive National Force does not, out of principle, consider electoral alliances with other political organizations. For more than a year recently we were part of an opposition coalition with the Reformist Party. We discontinued it when we became convinced that our partner was not making efforts to straighten out its leadership structures and was not pursuing a resolute opposition policy consistent with the interests of the people. We were not to blame for the failure of this experiment.

We in the Progressive National Force recognize the positive aspects of a united opposition to the PRD administration. What is more, many segments of our society are hoping for a united front against the PRD. But in order for a united opposition to be advantageous and beneficial to the nation, it must not bring disparate elements together merely around a hostility to the PRD.

Neither the Dominican people nor democracy are going to derive any benefit whatsoever from a united opposition that puts those who believe that administrative corruption must be condemned side by side with those who engaged in it in past administrations; those who believe that a redistribution of national wealth is necessary with those who oppose any measure of social justice; those who believe in the goodness and virtues of our people with those who have betrayed their trust a thousand times; those who enter politics to secure privileges and illicit advantages with those who view politics as a supreme expression of love for one's neighbor; those who have struggled to preserve democracy and freedom with those who have always disavowed them.

The fact is that nothing of good for the nation can come from such a hodgepodge. We feel that elections and political power are not ends in themselves. The most elementary concept of political responsibility rules out proposing to the people as a valid solution an arrangement among opposition forces that does not attach top priority to their burning problems.

The ideal unity would be one forged among the men and sectors that have the cleanest records, are the best trained and, above all, resolutely identify with our people's finest causes and with the moralization of our political life.

Long live the Dominican people!
Long live the Progressive National Force!
Long live our blue flag!
Long live our leader and president!

8743
CSO: 3248/367

MEXICO

SONORA SURVEY SHOWS PAN CANDIDATE LEADING PRI OPPONENT

Mexico City LA JORNADA in Spanish 8 May 85 p 2

[From "Political Class" column by Miguel Angel Rivera]

[Text] Rosas More Popular

Yesterday, the Mexican Public Opinion Institute (IMOP), affiliated with the Social Democratic Party, announced the results of an opinion poll that it had taken in Sonora regarding the forthcoming governor's election, wherein the conclusion was reached that the PAN [National Action Party] candidate, Alberto Rosas, was more popular than the PRI [Institutional Revolutionary Party] representative, Rodolfo Felix Valdes.

According to the IMOP, 67 percent of those interviewed expressed an opinion favoring Felix Valdes, and the percentage rose to 71 for Adalberto Rosas.

These results were procured from the first question in the questionnaire, to which the favorable replies were divided on three levels: excellent, good and fair. On the first level, 5 percent of those interviewed considered Felix Valdes' candidacy to be excellent, whereas the percentage for Rosas amounted to 13. Insofar as the "good" responses are concerned, the figures were 35 and 29, respectively; and, for "fair," the percentages were 27 and 29, in the same order.

Other noteworthy results of the poll are those concerning what would happen if the opposition were to win the elections: 66 percent of those interviewed replied that the victory would not be officially recognized, while 52 percent warned that acts of violence would be instigated if such recognition were not given to the opposition. On the other hand, only 27 percent expressed confidence that the official party's defeat would be admitted; and 23 percent noted that, even if the opposition candidate's victory were not recognized, "the government would settle the situation."

The IMOP disclosed that the poll was taken "using the quota method, based on extrapolations from the latest census. The sample is representative of the citizen population of Hermosillo. The reliability index is 95 percent, with a 5 percent margin of error."

2909

CSO: 3248/379

MEXTCO

CENTRAL BANK SURVEYS FINANCIAL ASPECTS OF ECONOMY IN 1984

Mexico City EXCELSIOR in Spanish 9 May 85 p 39-A

[*"Summary of Bank of Mexico Report on Nation's Economic Situation in 1984"*]

[Text] The growth of production and employment and the balance of payments results were better than expected in 1984. Not everything was favorable during the year, however. Although the public sector deficit continued its adjustment process, the deficit was larger than planned; inflation declined, but not to the desired levels, and the year ended with considerable inflationary pressures.

According to the preliminary figures compiled by the National Institute of Statistics, Geography and Data Processing (INEGI), in 1984 the Gross Domestic Product (GDP) at constant prices grew by 3.5 percent over the previous year's figure, in contrast to the 0.5 and 5.3 percent declines observed in 1982 and 1983, respectively.

The growth of production in 1984 was due to the solution of some problems that had limited supply in 1982 and 1983, and to the incipient recovery of demand.

The financial situation of businesses and the recovery of banking intermediation favored the resumption of commercial credit and improved the terms of bank financing for production. In addition, another stimulus to production was provided by the drop in the real exchange rate,* which brought down the relative cost of imported inputs and of most of the foreign debt.

Among the components of aggregate demand, the most dynamic category was that of exports, which grew by 10.7 percent in real terms over the figure for the previous year. In particular, non-petroleum exports rose by 18.7 percent.

*The "real exchange rate" is a theoretical concept that relates the buying power of a currency in its own country to that of another currency or group of currencies in their own countries. The real exchange rate declined during the period in question because prices rose more in Mexico than in other countries with which we trade, while the increase in the nominal exchange rate was not enough to cover the inflation differentials.

Gross fixed investment, on the other hand, was 5.4 percent higher in real terms than the previous year's total.

Looking at the activity of the different sectors of production in 1984, it is clear that nearly all showed positive real growth rates. The industrial sector as a whole grew at an average rate of 4.3 percent a year. Electricity generation was the industrial activity that grew the fastest during the year, at a rate of 7.0 percent. Manufacturing production rose by 4.7 percent.

Employment reflected the improvement in economic activity. Thus, the number of workers affiliated with the Mexican Institute of Social Security rose an average of 4.9 percent.

Another noteworthy aspect of the 1984 economic performance was that although inflation continued its downward trend, the decline was a slow one, especially toward the end of the year. The growth rate of consumer prices, measured from December to December, was 59.2 percent, 21.6 percentage points below the 1983 figure. The inflation rate interrupted its decline at the end of 1984, however.

This inflation resulted from the natural tendency of domestic prices to climb more rapidly than international prices, which is to be expected after a major devaluation, especially when protection against imports is very extensive and accentuated. This protection prevented international prices, in many cases, from exerting a more effective regulatory influence on domestic prices.

The current administration continued its policy of correcting controlled prices during the year. Increases in controlled prices responded to the two primary objectives of the pricing policy that have been pursued since December 1982: on the one hand, to remove the disincentive to production caused by the continual drop in the relative prices of some goods; and on the other hand, to prevent the adverse impact the lag in controlled prices could have on public finances.

In 1984 the external sector continued to yield very positive results, particularly during the first 6 months, even though the real exchange rate continued to fall, as expected. For the second consecutive year, the current account and the capital account of the balance of payments both yielded positive balances, of \$3.967 billion and \$12.799 billion, respectively. International reserves climbed by \$3.201 billion to a total of \$8.134 billion at the end of the year.

According to preliminary figures, the financial requirements of the public sector in 1984 totaled 2.2 trillion pesos, which amounts to 7.4 percent of the GDP. This figure is higher than the 6.5 percent called for in the Federation Outlays Budget, which included a budgetary reserve equivalent to 1 percent of the GDP. That goal could not be attained, because of the trends in revenues as well as those of public spending.

It should be noted that in the Budget Sector, the original deficit was exceeded by only 42 billion pesos, primarily because of the interest payments and debt expenses that were greater than the budgeted amounts. Non-budget

agencies exceeded the deficit envisioned by the budget by 61 billion pesos, despite an improvement in the finances of the Federal District Department and Mexican Telephones. The public sector deficit itself, which does not include the so-called financial intermediation, that is, the indebtedness of the development banks that is used to finance the private sector, represented 5.8 percent of the GDP, similar to the original target.

The restructuring of the public debt to favor foreign commercial banks, which began in 1982, progressed considerably in 1984, when negotiations on the matter concluded. It represented a far-reaching effort to find a solution to the international payments crisis. In addition to the lengthening of the term to pay the debt, the pact improves credit terms with respect to reference interest rates, the spreads above these rates, and the currencies applicable to liabilities.

The restructuring allows the servicing of the public foreign debt (interest and principal) to remain within the limits of the country's ability to pay. The agreement will also help normalize Mexico's access to international financial markets in the coming years.

The financing of the public sector debt in 1984 came primarily from domestic sources. The net external debt was reduced from the previous year's total once again, to \$2.189 billion. This figure was lower than the \$4 billion authorized by the Congress of the Union.

The banking system channeled 1.1 trillion pesos directly into the public sector, while financing through government bonds reached a total of 300 billion pesos.

From December 1983 to December 1984, the money supply grew by 63.1 percent, and the total consolidated liabilities of the banking system rose by 67.6 percent.

The growth of monetary aggregates in 1984 can be explained by looking at the expansion of the money supply, which reflected the increase in international reserves and the injection of cash as a result of the Central Institute's financing of the public sector.

The importance of the increase in international assets can be underlined by noting that at the end of the year, their net balance represented 23.3 percent of the money supply and 102.1 percent of the total amount of bills and coins in the possession of the public, whereas a year before those figures had been 17.2 and 81.7 percent, respectively.

The rise in international reserves and monetary aggregates was due to the economy's natural adjustment to the currency devaluations of 1983 and 1984, and to the subsequent stabilization process. The devaluation, by causing domestic prices to rise, boosted the nominal demand for liquidity, which was satisfied by means of the monetization of the positive balance in our accounts with other countries.

The different tactics used by the Bank of Mexico throughout the year to attract resources to the banking system were aimed at preventing the domestic financing of that system from causing an excessive expansion of the medium of exchange. Thus, while the Central Institute obtained 1.2 trillion pesos from the banks through the reserve requirement and other instruments, its domestic financing rose by just 1.07 trillion pesos. This means that there was a deficit in the net domestic financing by the Central Bank.

Beginning in October 1983, the amount of funds flowing into the banks began to grow in real terms. This growth was accentuated in 1984 as a consequence of positive trends on the exchange market, the resurgence of economic activity, and the presence of positive real interest rates during most of the year for the most widely accepted instruments.

The interest rate policy comes up against two barriers, below which passive interest rates cannot fall without driving down financial savings. On the one hand, after discounting for inflation, interest rates should yield positive real interest to the saver. On the other hand, particularly given Mexico's geographic location, the interest rate policy cannot overlook the linkage of the national financial system to the international capital markets, even in the presence of an exchange control system. Therefore, this policy must make sure that the yields of financial instruments in national currency are competitive with those offered abroad.

Beginning in April 1984, the most widely accepted instruments began to yield positive real interest rates again, at the same time that nominal rates continued their downward trend. The decline in interest rates was accompanied by a reduction in the differentials among the various instruments, although throughout the year the shorter-term instruments were relatively more favored. The objective of this policy was to avoid the risk that the banks might obtain major sums in time deposits at relatively high interest rates, while the interest rates on the new deposits dropped significantly.

Taking into account the percentage of slippage in the exchange rate, the interest rates of bank instruments stayed above the yields offered on the international market.

The aforementioned implementation of the policy on passive interest rates, along with favorable developments on the exchange market and the resurgence of economic activity, had a positive impact on the levels of deposits and financing. Thus, bank deposits rose by 67.2 percent in nominal terms, and 5.1 percent in real terms. The balance of the commercial banks' financing of the private sector rose by 83.2 percent in nominal terms, and 15.1 percent in real terms, with respect to the figures for the end of 1983.

Active interest rates fell considerably in 1984. The average effective active rate of the banks' free portfolio fell by 27.5 percentage points, due both to the decline in passive rates and the reduction in the banks' intermediation margin in their free portfolio.

The upswing in inflation observed in late 1984 and the revaluation of the U.S. dollar with respect to the principal international currencies, to the detri-

ment of our competitive capacity, prompted a revision of the rate of slippage of the peso's exchange rate with respect to the dollar, which had been kept at 13 centavos per day for nearly 2 years. Effective 6 December 1984, the slippage was raised to 17 centavos per day.

The exchange control system in force since the end of 1982, under which a free exchange market and a controlled one operate simultaneously, was kept throughout 1984. The experience obtained in the administrative aspects of exchange control made it possible to simplify this system without relaxing the control of transactions.

8926

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MEXICO

BRIEFS

COPARMEX NICARAGUA MISSION DISCLAIMERS--Yesterday, the chairman of the Employers Confederation of the Mexican Republic [COPARMEX], Alfredo Sandoval Gonzalez, remarked that, in the concrete case of Nicaragua, "we Mexican business owners think that the desires of its people, which are not necessarily those of some of the latter's representatives or supposed representatives, should be upheld." The head of the employers confederation announced that, within a few days, a mission consisting of members of the Mexican private sector would arrive in that Central American country "essentially to lend a supportive (sic) solidarity to private enterprise in that country, which is struggling to survive there, under adverse conditions, and attempting to bring progress to its nation." Sandoval Gonzalez declared that the problem being experienced in that fraternal nation "must be solved with an authentic democratic spirit." He denied that the Mexican business owners who will visit Nicaragua have as a goal the intensification of joint investments or that they have been prompted by the government: "The intention of the trip is not joint investments, although something further might unquestionably result. They have come here on several occasions, and now we are going to repay the visits. Furthermore, we are going there at our own decision." In conclusion, the employers' leader remarked that "there has not been sufficient explanation" whether or not the desires of the majorities in Nicaragua are being upheld, without anyone's interference. [Text] [Mexico City EXCELSIOR in Spanish 9 May 85 p 5-A] 2909

CSO: 3248/379

PERU

PROBABLE LEADER OF CHAMBER OF DEPUTIES ON APRA PLANS

Santiago HOY in Spanish 6 May 85 pp 56-57

[Interview with Luis Negreiros in Chile by Monica Blanco; place not further specified, date not given]

[Text] All indications are that the president of the Chamber of Deputies that will take office in Peru on 28 July will be Luis Negreiros, who was reelected with the largest APRA [American Revolutionary Popular Alliance] majority in Lima at the recent presidential and legislative elections. If the National Election Board confirms this result, which is very likely, Negreiros will be halfway there. The rest will be up to APRA, and traditionally the deputy from the majority party who has won the most votes in the capital becomes president of the chamber.

Negreiros (43 years of age, married, four children) traveled to Chile shortly after the elections to attend a congress of the Ibero-American Social Security Organization. He is the spokesman of the APRA Social Security Committee in the chamber, as well as secretary general of the Federation of Maritime and Port Workers of Peru and a member of the APRA National Executive Committee.

The son of longstanding APRA activists, he joined the party when he was 15. As a result he was deported and several times arrested. His father was, in Negreiros's own words, "a martyr." He was assassinated while serving as the secretary general of the National Confederation of Peruvian Workers and, at the same time, of APRA; 29 bullets riddled his body. Negreiros spoke with HOY during his stay in Chile, sending his "greetings to those who are struggling for the full establishment of union organizations and of democracy."

During the interview he was especially careful to refer to Alan Garcia as the "virtual president" of Peru, inasmuch as in spite of his overwhelming victory, he did not obtain the one-half of the votes plus one demanded for the first round. Although Alfonso Barrantes, the presidential candidate of United Left (IU) who came in second, waived his right to compete in a second round of balloting, this did not automatically make the APRA candidate president. The Peruvian Constitution does not provide for this possibility, and thus last week Congress was studying how it could avoid a second round without violating the law that calls for one.

To Negreiros, Barrantes's decision was "patriotic, politically sensible and very praiseworthy. I think that acknowledging an adversary's triumph is good for the development of the country's political culture, its community spirit."

[Question] To what do you attribute APRA's great election victory?

[Answer] I think that the Peruvian people have gradually moved away from a series of political options that we could call rightwing, parties that have been divorced from the people and, above all, from grassroots organizations. Their policies have meant frustration and have worsened the country's basic social and economic problems.

On the other hand, the people have realized what APRA has always been devoted to. APRA is a single front of exploited classes, of white- and blue-collar workers, that promotes unity among Peruvians based on the country's economic and social development. The people have also realized that APRA has a stubborn devotion to democracy that has not waned in spite of prior setbacks at the polls.

[Question] But APRA underwent an ideological overhaul when Alan Garcia became secretary general.

[Answer] Absolutely not. APRA's principles and proposals are its original ones, the ones it has always had, though they have been reinvigorated, naturally, now that the party is in power. Alan Garcia is a young man, and APRA has always been concerned about our youth, but the party also has 60 years of experience, with veteran comrades who run the party, have seats in Congress and might well join the administration too; our generations are integrated. Alan Garcia represents this continuity. So then, APRA's original principles still hold.

[Question] Nonetheless, for some reason it has now begun to be described as a Social Democratic party.

[Answer] From the outset APRA was one of the first democratic socialist or social democratic parties in Latin America, ever since it was founded on 7 May 1924 in Mexico and since 20 September 1930, when it was established in Peru. The fact is that APRA has never been attacked for its principles or for its ideas. A political battle was waged against it. The country's ruling groups blocked APRA's way, and its principles and programs were almost always scuttled or watered down when attempts were made to implement them.

[Question] At this election your party seems to have overcome the strong resistance that it used to prompt among non-APRA voters. Why?

[Answer] Alan Garcia's political style was without question decisively instrumental in achieving this thaw in certain sectors. This undeniably has to do with personality, but we always proclaimed and held to our principles.

[Question] And do you attach great importance to the person of Garcia as far as the overall victory was concerned?

[Answer] He was obviously an important factor. He is a charismatic and, I would say, combative leader. He has a tradition of struggle for democracy and social justice behind him. He comes from a family that suffered greatly because it professed its political ideas, and he has the great qualities of a statesman: he is a fine speaker and a deep thinker.

[Question] Are the Armed Forces going to retain complete control over the antiterrorist struggle under the probable APRA government?

[Answer] We intend to completely reestablish peace in the country, social peace, which means carrying out programs for social justice, primarily in the areas in which these problems exist or where these groups are active. In this regard, there is not just one answer; several things have to be done simultaneously, both militarily and at the root of the problem. Our efforts will be unsuccessful unless we take a comprehensive, political approach to the problem.

[Question] But the roots of the problem are a very long-range matter. How will you cope with the situation in the meantime?

[Answer] True, the solution is not an immediate one, but other initiatives can be taken right away.

[Question] Such as?

[Answer] For example, these villages have a very low living standard, and we can provide immediate aid in health care and food under an emergency program that we already have set up. Another thing we can do right away is build peace with justice, development and well-being through major joint efforts by the people's social organizations, not just political parties but social, cultural and church groups as well.

[Question] And what about the Armed Forces?

[Answer] The military problem must be tackled militarily under the constitution and our laws and with respect for human rights.

[Question] Yet the power that has been given to the Armed Forces in this struggle has been constitutional, and there have still been human rights violations. How will you prevent them?

[Answer] I want to emphasize again that the approach must be multifaceted, mobilizing all social and grassroots forces and representative institutions. This will condition, channel the impact that the actors involved in this situation might have. If social and political institutions act, this problem is going to be resolved.

[Question] Don't you think that APRA is putting its neck on the line, inasmuch as it will taking over the country in one of its worst crises?

[Answer] We are aware of the responsibility and we assume it equally aware that APRA and the other parties and Peruvians who intend to lift the country out of this situation (and I think they are in the great majority) are going to unite for this purpose.

[Question] Will you attempt to establish a political truce?

[Answer] A truce is, in fact, tacitly included in the agreement that we call the social accord or pact. We feel that this is perfectly possible. In the party's foundation we proposed what we call the Economic and Social Congress, in which labor, management and government would take part. These principles would now be embodied in an accord on the need for which there is a consensus. This is no easy matter, of course, but other countries have experimented with it with some success.

[Question] The APRA government would have the backing of the workers, inasmuch as the party controls a major part of the labor movement...

[Answer] Yes. The labor movement does not have a single central organization. We have four of them, and they do not always act in unison. There were abstentions during the most recent nationwide strike, but there was also a consensus in the labor movement that there were reasons to protest a bad economic policy.

[Question] Do you expect resistance from management?

[Answer] Our industry is a wreck, and I think that businessmen want their companies to recover. So this must be a major effort in which government and the workers have to participate.

[Question] But APRA's economic recovery program emphasizes agriculture...

[Answer] That's right, agriculture. But it also emphasizes industry, because the two are, of course, linked. Agricultural development will help us resolve our food problem, but at the same time this will help create jobs and in so doing expand the market for industry.

[Question] And where will you get the money to do all this?

[Answer] We will need more funds, but we will also try to manage what we have wisely. By straightening out and managing our finances wisely we are going to provide many of the answers that the country is waiting for.

[Question] What chances do you see for Alan Garcia's plan to again promote joint action by debtor countries vis-a-vis their foreign creditors?

[Answer] The proposal that our virtual president has been offering is a good one. I think that no one questions the merit of the proposal. Perhaps the timing was not right when other countries put it forward, but we want to make a major joint effort, we want to try and pull it off.

8743
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PERU

ULLOA ON APRA VICTORY, TERRORISM, DEBT, IMF, DEMOCRACY

Santiago EL MERCURIO in Spanish 12 May 85 pp D-1, D-2

[Interview with Manuel Ulloa, the president of the Peruvian Senate, by Blanca Arthur; date and place not specified]

[Text] He has that air of an international figure about him. It is not without reason that he is called "the man from the Bahamas," which prompts a laugh from him. "Of course I would prefer to be known as 'arrow face,' as the people call me."

Manuel Ulloa is a controversial figure. He spent 10 years in exile during the military government and returned to power in 1980 with Belaunde as his prime minister and economy and finance minister, posts that he held during the first half of the term. Under fire and vilified for his "free market" policies and his "iron hand," he left the administration in early 1983, leaving behind a letter to the president in which he expressed his concern over the economic situation and terrorism.

But his combative spirit did not wane, as he took up the cause of Latin America's debtor nations. For his trouble, he got a door slammed in his face when on behalf of the OAS he went to ask the U.S. undersecretary of the treasury for a payments deferral.

An intelligent, quick and experienced politician, he has also not forsaken his struggle on the home front in the Senate, over which he has presided for a year and a half and to which he was reelected at the recent balloting at which APRA [American Revolutionary Popular Alliance] demolished Peru's other parties. Even though he has been the target of both sides, he was the top vote-getter in his party, Popular Action, which he acknowledges is comforting.

Emotional Factor

[Question] How do you explain that after 5 years in power, your party put in a token appearance at these elections?

[Answer] A token appearance? Nothing of the sort. Popular Action has a 28-year political history, has won elections twice and has now suffered the wear and tear of being in power.

[Question] Do you consider it normal wear and tear to drop from 46 percent of the vote, which Belaunde won in 1980, to less than 7 percent last month?

[Answer] I think that the reason is that the erosion of support that an administration undergoes in our day and age is more spectacular, because we are in the midst of the worst crisis in Latin American history.

[Question] APRA's vice presidential candidate, Luis Alberto Sanchez, said that it was a demonstration of collective faith. What do you think the Peruvian people want?

[Answer] I think that we have seen a development similar to the one that took place with Belaunde in 1980, in that the country is emotionally looking to something new for an answer. This time it chose to give an opportunity to APRA, to a young, charismatic individual who aroused the sort of hope that no other candidate did. The generation gap was a major factor too. That's no mystery, is it? One of the things that we criticized Alan Garcia for in the campaign was his lack of experience, but I think that the people are a bit tired in our countries of leaders with so much experience. What are they looking for? Hope.

[Question] But even people in his own party criticized his lack of a platform...

[Answer] I think that that was politically astute. Alan is a young man who does not have the experience with or knowledge of the problems that we do, because we have been in office twice. In this sense, he was at a disadvantage. So I think that his lack of a platform was a wise move.

[Question] So you don't agree with Luis Bedoya, the candidate who said that behind the populist image that it projected during the campaign APRA was concealing its essential Marxist nature?

[Answer] I don't think that Bedoya represents anything anymore in Peruvian politics.

[Question] But he represents more than your party does, at least judging from the numbers...

[Answer] Yes, but for circumstantial reasons. Bedoya emphasized an anti-APRA approach. Moreover, Bedoya has managed to do something that we have never been able to: he has been wrong every time.

[Question] But don't you have any qualms about APRA having totalitarian leanings?

[Answer] To prejudge here would be an attempt to justify our defeat, and we will not resort to that. We will stick to our guns, opposing when we have to oppose and supporting when we have to support. The problems are very grave, and the issue is to serve the country, not to discredit a party.

[Question] And what road do you think Alan Garcia will take?

[Answer] Contrary to what many people think, I don't believe that he is going to form a partisan government. I think that he realizes the magnitude of the problems, and now that he is close to them, he will not be able to sidestep them. I think that in good faith he is going to seek not alliances, because he doesn't need them, but rather aid, counsel and support from everyone who might help him: the military, the Church, labor, politicians...

[Question] And what about the Marxist Left? What approach do you think that Barrantes, the number two force, will take?

[Answer] I have a positive opinion of Barrantes. I think that he is a serious socialist. Unfortunately, however, he is trapped in a group of eight or nine parties most of which have 19th century views and are still pushing for a Marxism-Leninism that is truly grotesque in 1985, albeit still current owing to the characteristics of the Peruvian and Latin American Left.

[Question] Do you think that what he does will strengthen democracy?

[Answer] Yes, Barrantes will strengthen our democracy.

Terrorism

[Question] Do you feel that Peru's democracy is stable?

[Answer] I would say yes, except if we surrender to terrorism and drug trafficking.

[Question] Alan Garcia has said that the solution to the problem of terrorism is political, not military, because it stems from the exasperation of hunger-stricken people. Do you think that this is the way to defeat terrorism?

[Answer] He said that during the campaign. His most recent statements are those of a better informed individual who realizes that he is going to inherit the problem on 29 July. In other words, I do not attach much importance to what he said before. People say things flippantly when they're in the opposition; we all know this because we've been there.

[Question] Isn't this called demagoguery?

[Answer] No, it's called politics, democracy. And maybe he really thought that when there is poverty and a government's policies makes things worse, more oppressive, the answer lies there.

[Question] And how do you think the problem ought to be tackled? What is your response to the criticism of how Belaunde dealt with the problem early on, when he refused to call in the Armed Forces?

[Answer] I think that the struggle that was waged was conditioned by the very poor shape in which we found the police and the Armed Forces. We were not ready for the insurgency that was brewing and that surfaced just as we took office, just as democracy returned.

[Question] But given how serious it became during those years, don't you think that the Armed Forces were called in somewhat late?

[Answer] Late, perhaps, but let's not forget that we took over a country suffering from a series of inhibitions and complexes. Let's not forget that Belaunde had been kicked out by the military in 1968 and that he clearly intended to restore the democratic system, which hinged on starting a new dialogue with the Armed Forces before giving them a preponderant role in the struggle against subversion.

[Question] Fears of a coup?

[Answer] Yes, fears of a coup. I think that perhaps they were unfounded, but that's the price we paid...

[Question] Do you think it was a high or a low price, considering the current state of terrorism in Peru?

[Answer] The price that we are paying is high, obviously, but we are paying for it under a democracy.

[Question] What do you think the price is?

[Answer] A situation of uncertainty and anxiety.

[Question] The current prime minister has said that one of the problems in dealing with terrorism has been the lack of intelligence services, which the military itself did away with.

[Answer] We found ourselves with a very disorganized institution. As we know, the way to fight terrorism here, there and everywhere is by infiltrating the enemy ranks, which entails teamwork, funds and organization. And the country was not prepared, not just because we had a military regime but also because no one realized that this sort of phenomenon was going to take place. This is serious business; you can't just send out a military raiding party to kill everyone in sight. We're democrats, responsible people, we believe in the law and the rule of law

[Question] And are the inhibitions about letting the Armed Forces play a preponderant role a thing of the past?

[Answer] They no longer exist, because a national awareness developed. The situation is not the same as when we took office 5 years ago, when people would have said either that we felt ill will about giving the Armed Forces a thankless role or that we were insecure. Today, the public is totally behind the government that will take office on 28 July, not the Belaunde administration. Public opinion is mobilizing to combat Shining Path regardless of what might happen and regardless of the cost.

The Economy Versus the IMF

[Question] And how is the public responding to the country's economic problems? Is it also with the government?

[Answer] To me the best thing about the crisis is the way the people, rather than power groups or politicians, are responding to it. They have shown a sensitivity to the magnitude of the crisis, unlike the politicians, who have played around with it, speculating who is to blame. This is why I think that the people have placed their hopes in a man like Alan Garcia out of an intuition that this fellow will learn from experience, is going to talk seriously and is going to make common cause with the people.

[Question] And do you feel that talking seriously means saying that to resolve the debt problem he is going to negotiate directly with the banks and bypass the IMF?

[Answer] He was misinterpreted, and I am quite familiar with the situation. What he meant to say was that the government is going to negotiate with the banks and with the IMF, but that heads of government have to push for a political solution to the debt problem. He realizes that his economy minister or the Central Bank is going to have to talk with the IMF and the banks, but he cannot play second fiddle as chief of state. This is what we have been saying for more than 2 years now, that a political dialogue is now involved, that the specialists should find a way to defer payments while we look for a political solution.

[Question] What would such a political solution be? Do you think that the industrialized countries will join in?

[Answer] I don't think so. There is a lot of talk about a debtors' meeting. What I think we should form is a creditors' cartel, because no one is going to pay for our debt and our economic crisis any more. We have carried out a program of adjustments that has meant sacrifice, poverty and pain for our peoples. We have tried to pay as much as we can, and what have we gotten? Lower prices for all our exports, market closures, protectionism, less funds. We now have a right to make demands as creditors of the Western World because we have already paid the price. Now it's their turn to pay up.

[Question] In what way? You have already had the door slammed in your face when you went to ask for a deferral of Latin America's debt.

[Answer] I have said it a hundred times that if it comes down to a choice between paying off the Bank of Tokyo or Chase Manhattan and feeding our people, I will feed our people. I think that we should pay what we absolutely have to so as not to halt development and progress and plunge our nations into widespread poverty.

[Question] Do you mean interest payments?

[Answer] Less than the interest. Argentina was supposed to pay back \$500 million and forked over just \$50 million to avoid being placed in the delinquent category for 180 days. Peru has been doing this for a year now.

[Question] But as a result the IMF, for example, denied it a bridge loan. Isn't this an expensive risk?

[Answer] We probably have a lot to lose, but we have a lot more to lose by starving our people to death. We just can't do it.

[Question] Do you think that cutting off all loans is a solution?

[Answer] I told Kissinger some time ago that the Western World had already carried out a Marshall Plan for Latin America and that it had better realize as much. Perhaps not all of the money has been well spent, and some of it has even been squandered, but the debt is never going to be paid back. Of that I am absolutely convinced.

[Question] Not all countries or governments agree with your position, however. Do you think that all of Latin America ought to get involved?

[Answer] Not necessarily, because I feel that certain geopolitical positions, Mexico's for example, are completely different.

[Question] But you would need an accord, a common strategy to do this. Among which countries? The nations in the Cartagena consensus, for example?

[Answer] Argentina is in really dire straits. I know that President Alfonsin is making every effort to comply, but the IMF's demands are impossible to handle politically in Argentina. In Brazil, I think that public opinion pressures, not government action, are going to create difficulties as a result of the social problems that have remained under wraps but are now beginning to surface. I think that Brazil epitomizes contemporary geopolitical realities, and perhaps if Brazil decided to impose a 20-, 30- or 40-year payback period at 7 percent interest or something like that, something compatible with development, the situation would improve for everyone else. This is the great hope that we all have.

[Question] Do you think that pressures will be able to alter the creditors' stand, which has so far seemed unyielding?

[Answer] The issue here is one of joint responsibility. So far the only ones who have paid the bill have been us. Between 1982 and 1985 we have allowed the world banking system and the governments of the industrialized countries to develop defense mechanisms so that if one of our countries went bankrupt today, nothing would happen, and just because we have behaved ourselves. We have allowed the United States to send signals to the banking system to the effect that it will not allow any U.S. bank to fold. It has given signals to the world system to gradually amortize part of the debt and to get the central banks in the industrialized countries to develop the sort of defense mechanisms that we have not developed. So, our good behavior has saved the international financial system.

[Question] Do you think that Chile will change its mind and join in this approach?

[Answer] I think that it will. Because how long can Chile earmark all of its copper export earnings to pay off interest, even if the price rises and its economy improves? I think that whatever the country's political system, the problem cannot be resolved with the present approach.

Debt and Democracy

[Question] In what way does a democratic country handle the debt problem differently than a country with a government like Chile's?

[Answer] There are obvious differences. The people can express themselves under a democracy, which they cannot under strong-arm governments. But how long can a strong-arm government maintain a situation like this? Brazil had an authoritarian government for 20 years, and

Mr Figueireido was finished. The entire campaign revolved around the IMF and the recession, and this hastened the political change. I think that all regimes, whatever their origin, are being put to a very harsh test.

[Question] Do you see a risk to the stability of democracy in Latin America?

[Answer] Absolutely. And I would say for the very survival of our societies, not just for our democracies.

[Question] The United States has encouraged the return to democracy in Latin America. What do you think it is most concerned about, democratic stability or Latin America paying off its debts?

[Answer] I don't think it cares that much about the debt, because it spends that kind of money every year on defense. I think that within its overall strategy (and this is a very personal opinion) there might be some link between the handling of the debt and appropriations for Central America and the Caribbean. It is in its vital interest to prevent enemy governments from being established next door. This is why the United States has made the political decision, valid or not, to focus its efforts there.

[Question] What importance do you think democratic stability in Latin America has among U.S. interests?

[Answer] I think that U.S. society cares a great deal about promoting democracy in Latin America and all over the world. But since the country is the world's leading political, economic and military power, I don't know how much it matters to the government. I don't think that there is a U.S. policy towards the continent. I think there is a U.S. policy, period.

[Question] Do you see a better chance for resolving the problem under democratic regimes?

[Answer] What I see is that there is no chance for a political alternative to survive unless it is part of a planned economic solution. If there is a restoration of democracy, then we will have to come up with an answer through an economic program. But it is a mistake to think that a political prescription or an economic prescription alone is going to solve our problems.

[Question] Some people, like Bedoya in your country, think that what is lacking is ideologically stable political parties for a long-range answer on the continent.

[Answer] Let's not talk to our countries about dogmas and ideologies. I think that the Social Christian ideology is entirely respectable, but like Marxist socialism, it is on the retreat throughout the world. The ideas of Rerum Novarum, Quadragesimo Anno, are not solutions for today's world.

[Question] Do you believe in more pragmatic solutions?

[Answer] Solutions involving stronger common cause. We have to take social actors into account and in this instance regard the people as a principal. I am not talking about setting up collectivist societies, but I am saying that we have to realize that the people are a major force and that if this force is not channeled, it is going to get out of hand.

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PERU

GLIMPSES OF ALAN GARCIA'S PAST PROVIDED

Little Leadership as Student

Lima EQUIS X in Spanish 13 May 85 pp 28-30

[Interview with Aprista Electoral Technique secretary, Vitaliano Gallardo Cuadra, by Elias Moreno; date and place not specified]

[Excerpts] Alan Garcia as a Student

[Question] You have also had a lengthy career as an Aprista member and leader in the university area, as both a student and instructor; and, as part of all this, there is the fact that you were Alan Garcia's teacher. What recollections do you have of the soon-to-be president?

[Answer] Well, it is a pleasure for me to have been a teacher of so many generations and prominent figures. As for Alan, I must say, and I have discussed this with him, he was a very respectful, proper, brilliant student at a school (the Jose Maria Eguren School in Barranco) which has always been one of the best on account of its discipline; and this young man had remarkable qualities, even winning a poetry contest, joining commissions and serving as an escort, etc.

[Question] Did he appear to be a leader already?

[Answer] Not so much a leader, but rather a studious, model youth; but I never considered him a leader, a political leader.

[Question] He didn't seem to be a leader....

[Answer] I didn't regard him as such. Later, when we met in the party, I was by then older, and he, along with the head, was starting to serve as national secretary of organization. By then I observed his remarkable gifts as a leader. Later, after the Trujillo congress, it was incumbent on me to work with him. I was secretary of the commission responsible for calling the convention, and Alan held the presidency, because of Comrade Ramiro Priale's resignation. So, there I saw his qualities as a director and leader more clearly. He is an individual of great humanism and very thoughtful. I remember, and this is a recent

incident, when we were organizing the celebration of Brotherhood Day, while Alan was on tour, we unanimously resolved to hold a ceremony that was to be called "a flower for Victor Raul," which consisted of having every individual, every member, go to the monument of the leader born on 22 February, and leave a flower on 28 July. We thought that it would be very beautiful for thousands, or perhaps millions of flowers to cover the monument. Well, when Alan returned and found out about the idea, it seemed all right to him; but he started thinking and suddenly remarked: "What would Victor Raul have thought if this?" And he himself replied: "Surely he would have liked a bouquet of roses, but he would not have approved of spending so much on flowers at this time of crisis." So, it all came to naught.

[Question] We were discussing Alan the leader....

[Answer] Of course, I think that he acquired his image as a leader during his schooling in Europe, in France and Spain, and especially from the closeness that he had to the leader; apart from his innate qualities, to be sure.

Worked in Construction

Lima EQUIS X in Spanish 13 May 85 p 32

[Text] Alan Worked on Construction

Few workers have been penalized so much by fate as those in civil construction. Their work is temporary, involving brute strength; they have no laws to protect them; and they suffer from all kinds of mistreatment from the employers. Subjected to physical stress, within a short time they start suffering from pain in their waist and legs and from swelling in their muscles. And when they go to Social Security, they find that they are not treated, because management has not made the pertinent contributions, or that they are no longer insured, because when they finish one job, sometimes it takes weeks or months before they can find another "chamba" [job], as they call it. And the insurance entity doesn't care at all whether they are sick or die. Nevertheless, civil construction work is the kind best provided for. Unemployed persons of all types resort to it. They start as unskilled workers; then they become stockroom clerks and they end up as laborers. Alan Garcia, the virtual president, also became familiar with this hard work when, as is claimed, he once worked on civil construction in France during his student days. For that reason, the Peruvian civil construction workers have some hope that he will find a means whereby they would be able to halt the "pharaonic projects" but without hurting the job stability of thousands of union workers.

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PERU

INFLATION CALLED TOP NATIONAL PROBLEM

Lima EQUIS X in Spanish 13 May 85 p 11

[Text] A new regime such as the one to be headed by Alan Garcia after 28 July of this year, voted in by a 4 million-vote plebiscite, has a perfect right to be allowed to implement its government plan without interference or obstruction from critics or opponents, during the minimum period of time required for being in a position to judge its first results. This is the democratic way. It has come to be what the French term "l'etat de grace," the "state of grace" period that any group coming to power for the first time deserves to enjoy. This is what not only we at EQUIS X, a magazine which, from its stance of journalistic independence, backs the change embodied by Alan Garcia, but also all us Peruvians of good will, should do: afford the first Aprista government in our history a vote of confidence so as to enable it to implement its program of action calmly.

To be sure, on the condition that we all know quite clearly what that plan or program consists of; in other words, exactly what the principal measures comprising it are. Hence, the country is awaiting with great suspense the first official statements from the incoming government, when it assumes its lofty, critical functions. Until that time, what each of us can do is attempt to clarify our own ideas in this regard, by way of a contribution to the process of forming public opinion concerning the great national issues. And those of us who have a public platform at our disposal are dutybound to formulate our thinking in writing; which is precisely what we shall do here today.

First of all, let us enumerate what in our view are the fundamental problems of present-day Peru; the ones on the solution to which the success or failure of the 1985-90 regime depends. In order of urgency and gravity, they are, in our judgment: inflation, subversive violence, the foreign debt, administrative moralization and the physical hunger among critical poverty-stricken sectors. We are well aware that it will surprise many to find us giving top priority to the inflation problem. Nevertheless, we believe that, in so doing, we are merely acknowledging a reality that is self-imposed. The evidence of what we are claiming seems to us to be irrefutable: It is possible to imagine a potential surmounting of the inflationary process (as we shall observe later) without having first solved any of the other problems; but, on the other hand, it is impossible to even dream of solving any of the latter unless we first begin

at least reducing the inflation rate. As a priority, there must be an attack on the very serious situation of an annual three-digit percentage of price hikes, if we want to treat the rest of present-day Peru's tragic problems with any chance of real success.

Sufficient stress may never be placed on the very top priority that inflation has over all the other dimensions of the Peruvian economic crisis. For example, some of the next Aprista government's technocrats maintain that the restructuring of the foreign debt, the revaluation of agriculture or the reactivation of industry is more important than nipping inflation in the bud. However, they should realize that all the undeniable benefits of a reprogramming of the foreign debt, with its longer terms, its years of grace and its interest reductions would be eaten up by the continuity and acceleration of the domestic inflationary process; and that the same thing would hold true of the far slower and more questionable yields from agricultural and livestock recovery, or in the case of the results of the desired industrial reactivation.

An inflation rate which, this year, runs the risk of reaching the dreaded level of 200 percent is incompatible, not only with any agricultural development program or any process to maximize and dynamize industry, but also with any government plan at all, regardless of its nature. In fact, inflation at such a rate completely distorts any economic forecast; discouraging and depriving the worker of incentive, because it undermines and saps the purchasing power of the wage every day; finally breaking up and dissolving the society as a whole.

Despite the complex and multifaceted nature of the inflationary phenomenon, the formula for combating it is simple, known by heart to economists, and easy or simple, at least in its enunciation; because it has always shown itself to be quite difficult in its practical implementation. In brief, it involves the systematic, constant restriction of the money supply; in other words, the definitive end of inorganic issues of money by the central bank, as well as the creation of money by means of bank credit. This, in turn, is possible only by means of a drastic reduction in the fiscal deficit and in public spending; which must be accompanied by maximum austerity in the spending of business firms and families. In the final analysis, the prescription consists of ceasing to live beyond our means or resources, and no longer consuming more than we produce; so as to be able to save, in order to produce more. For, in the long run, greater production represents the only sure method of ending inflation.

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PERU

ARAB-L.A. BANK VICE PRESIDENT CAN CHANNEL FUNDS TO NATION

Lima EQUIS X in Spanish 13 May 85 p 14

[Text] Last week, Dr Carlos Delgado Fernandez, president of the Bank of the Nation [BN], was elected vice president of the Arab-Latin American Bank (ARLABANK) by the board of directors of that international banking entity. The election occurred by consensus of the ARLABANK Latin American group, owing to the prestige gained by the Bank of the Nation; which is all the more meritorious because, this year, the vice presidency was assigned to Bolivia. Delgado Fernandez' new post is beneficial for the country, because it will enable him to channel more funds to Peru. It should not be forgotten that ARLABANK is the leading credit entity in the Arab world, created to promote investment in Latin America. Last year, its loans amounted to \$1.7 billion, 63 percent of which was directed toward Latin America. The Arabs hold 60 percent of the shares of stock in ARLABANK, through agencies such as the Kuwait Foreign Trading, Contracting and Investment Company, or the Libyan Arab Foreign Bank. Also sharing in the stock are the Bank of Brazil, the Colombian Coffee Growers Bank, the Buenos Aires National Development Bank and the Peruvian Bank of the Nation, which has 4.5 percent of the shares of stock. Carlos Delgado Fernandez has received many congratulations on his election as vice president of ARLABANK, a position that he adds to those as vice president of Extebandes and alternate governor of the IDB. His successful performance as head of the Bank of the Nation is also praiseworthy, primarily because it effectively solved the problem with the Ambrosiano Bank, and because he has carried out an entire campaign on behalf of the welfare of BN's personnel, as was observed at Christmas 1984 and in the projects to benefit the bank's discharged and retired personnel; thereby helping not only children but also those living in the so-called "third age."

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PERU

MINISTER OF MINES ANNOUNCES FOUR NEW DEVELOPMENT PROJECTS

Lima EL COMERCIO in Spanish 16 May 85 p A-8

[Text] The minister of energy and mines, Juan Inchaustegui, inaugurated four mining development projects yesterday in La Oroya. They are: a lead conglomerate plant, the CENTROMINPERU [Central Peruvian Mining Enterprise]-ELECTROPERU [Peruvian State Electric Power Enterprise] electric power system hookup, the CENTROMINPERU integrated telecommunications system, and the expansion of Casapalca.

As was emphasized at the various ceremonies, the projects will enhance CENTROMINPERU's mining and metallurgy operations and enable it to boost output for its own and the national economy's benefit.

New Plant Replaces 11 Machines

The new lead agglomeration plant will replace 11 small machines with a single piece of modern-technology equipment, thereby cutting operating and upkeep costs.

The plant is designed to produce 809.7 dry metric tons a day of agglomerate for the lead furnaces, reducing environmental contamination and promoting the complete use of the lead refinery's capacity.

The plant cost \$60 million, CENTROMIN reported.

As far as the CENTROMIN-ELECTROPERU electric power hookup is concerned, it was underscored at the inauguration ceremony that the connection will enable the mining enterprise to meet its future demands and allow the electric power company to provide hydroelectricity to towns in the central region.

The project, which cost more than \$51 million, connected CENTROMIN's power system with the grid in the country's central region, which up to now has consisted of the networks and plants of ELECTROPERU and ELECTROLIMA.

The third project, the integrated telecommunications system, cost \$11 million and is designed to facilitate the administration and operations of the mining enterprise.

It includes direct dialing between La Oroya and the camps, teleprinters in each camp and a central telex in La Oroya for the direct transmission of written messages.

The work at Casapalca, the fourth project to go on line, included the expansion of the mine and concentrator from 2,150 to 3,000 short dry tons a day; the project's \$20 million cost was borne entirely by CENTROMIN.

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PERU

BRIEFS

GASOLINE UP 129 PERCENT--With the latest fuel price increase last March, the price of 84-octane gasoline has risen 129 percent in the first 5 months since the close of 1984, when it cost 4,700 soles, and is up 247 percent from its May 1984 level (3,110 soles). Meanwhile, as of yesterday the sol had declined 68 percent against the official dollar since late last December and 82.5 percent against the "certified" dollar. Inflation as of April stood at 51.4 percent and is up 143 percent since April of last year. [Text] [Lima EL COMERCIO in Spanish 16 May 85 p A-8] 8743

PORT EXPANSION TOWARD SEA--The master plan for El Callao calls for gaining 90 hectares from the sea which, with the 60 current ones, would increase the port's area to 150 hectares. The result of a painstaking analysis of the present situation and of the variables that will determine its future features, the master plan consists of a group of projects aimed at increasingly providing the port facilities that will accommodate the rise in the volume of cargo and the innovations for its systems up until the year 2002. In this connection, two main phases have been stipulated, the first over the short term (until 1987), including the construction of a mooring berth for the container dock, and another for the one associated with grain, storage areas for loading and unloading and equipment for moving cargo. The second is subdivided into three phases, calling for the following facilities: eight mooring berths for general cargo, with a water depth of 10 meters; four mooring berths for cargo with containers, at a depth of 12 meters; and two mooring berths for grain, with a depth of 12 meters. Improvements are planned in the moving system to provide efficient handling of full container vessels, as well as the construction of special docks for cargo type ships. The construction of a breakwater is also planned to ensure calm waters in the "mooring area." Finally, the optimal use of investment is planned, in an attempt to accrue the maximum expansion at minimum cost. [Text] [Lima CARETAS in Spanish 13 May 85 ENAPU Supplement p 13] 2909

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ST LUCIA

HUNTE DISPUTES STORY CHARGING DIVISIONS IN LABOUR PARTY

Caetries THE VOICE in English 17 Apr 85 p 4

[Text]

POLITICAL Leader of the St. Lucia Labour Party (SLP), Julian Hunte has dismissed as "ludicrous" a report in a foreign news magazine which says his formula to rebuild the "shattered party" had ran into obstacles.

The magazine, 'Caribbean INSIGHT,' a monthly publication of the West India Committee based in England says in an article in its April issue that a move by Hunte to replace three senators nominated by Parliamentary leader of the Opposition, Neville Cenac has met with instant protest from both the senators and conservatives in the party.

Hunte told THE VOICE this week that there was no problem over the question of senators. "That has been dealt with within the constitution by the leader of the opposition," he said.

The SLP's three senators in the Upper House are: Kenneth Foster, a former leader of the party, Daphney Murray, and Evans Calderon.

According to Mr. Hunte every political party in St. Lucia had more problems than the SLP, but people continued to single out the SLP just because the party had encountered some difficulties in recent years. He added: "I don't see why Senators appointed by the leader of the Opposition becomes a matter of public concern."

The SLP leader emphasized that the task before him was to get the party in shape to fight general elections.

"We are hoping to have a social and economic policy for the development of this country which we want to articulate to the general public long before the

general elections," Mr. Hunte told THE VOICE.

The following is a reprint of the INSIGHT story:-

"Julian Hunte, the recently elected leader of the opposition St. Lucia Labour Party (SLP), has run into obstacles with a formula to rebuild the shattered party. Mr. Hunte's move to replace three Labour senators nominated by the parliamentary leader of the opposition, Neville Cenac, was faced with instant protest from the senators themselves and from conservatives in the party led by Mr. Kenneth Foster, himself one of the three senators. Mr. Hunte wanted to nominate himself, Hilary Modest, former Minister of Education and Peter Josie, former Agriculture Minister, as the three new senators.

Mr. Hunte is expected to write to Mr. Cenac asking for his cooperation and insisting that the parliamentary leader of the opposition derives his political power from the party's rules and not from the State's constitution. Under

the constitution of St. Lucia, the opposition is entitled to nominate three senators for the Upper House of Parliament.

As a last resort, Mr. Hunte could seek some kind of accommodation with George Odium, Leader of the Progressive Labour Party (PLP), which has one sitting member in the House. With the support of this member, Jon Odium, Mr. Cenac could be replaced as opposition leader by someone more inclined to Mr. Hunte's views. But the PLP leader is known as a tough negotiator whose preconditions for collaboration could well include a virtual merger of the two parties, with Mr. Odium playing a leading role and Mr. Hunte being relegated to second position.

Meanwhile, it has become clear that far from seeking to encourage a dialogue with George Odium and the PLP, Peter Josie intends to continue to stay with the SLP. Although as reported in INSIGHT, some discussions had taken place between the two men, INSIGHT is informed that these talks were at the instigation of the PLP and Mr. Odium, whose overtures were firmly rejected by Mr. Josie."

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ST LUCIA

FISCAL DEVELOPMENTS, DISCUSSION OF BUDGET IN SPOTLIGHT

Bond Payments Problem

Castries THE WEEKEND VOICE in English 30 Mar 85 p 1

[Text]

THE St. Lucia Government has told Public Sector Unions that it is unable to meet the payments of cash bonds which mature tomorrow.

This bonds agreement was part of a package of salaries and conditions of service negotiated directly between the Civil Service Association, the St. Lucia Teachers Union, the St. Lucia Fire Service Association, the Police Welfare Association, the Nurses Association, the St. Lucia Prisons Association and Government for the 1980-83 period.

Deputy Prime Minister Mr. George Mallet yesterday told the press that because of the country's present economic condition the Government was unable to meet the payments which together with interest totalled almost \$5.9 million.

Mallet said that by the time negotiations were concluded and the agreement signed in 1982, two years of the period covered in the agreement had passed and retroactive pay came into focus.

"This meant that a considerable sum of retroactive payment was then required to be met," Mallet explained, adding that as the finances of the country did not permit the settlement of the arrears it was mutually agreed among the concerned parties that the backpay due to each public servant other than the first \$500 would be paid in bonds which matured in three years, on March 31, 1985.

Said Mallet, "But our current resources will not allow us to be able to make those payments in the next couple of days, and it is imperative therefore for discussions to be held between the Ministry of Finance and the respective staff associations with a view to agreeing on a reasonable procedure for redeeming those bonds."

He said that this became increasingly important because of the ever increasing costs in the areas of salaries and wages, goods and services, interest payments, subsidies and transfer payments which, the Minister said, amounted to a total expenditure of \$92.3 million in 1980/81; \$97.2 million in 1981/82, \$120.6 million in 1982/83, \$119.8 million in 1983/84 and provisionally for 1984/85 to \$122 million.

All of this, Mallet added, had been a constant strain on the resources of the country. "At the same time that costs had increased the revenue position has not been buoyant with the actual revenue for 1980 to 1981 being \$94.5 million; 1981/82 — \$92.9 million; 1982/83 — \$105.5 million; 1983/84 — \$116.7 million and provisionally again for 1984/85 \$120 million."

He said that since the government was unable to redeem the sum of \$5,883,015 tomorrow, the Government had made three proposals which the Unions had indicated their willingness to

discuss.

The proposals are: 1 — That the bonds and accrued interest of individuals be used towards retiring debts due by way of Government loans and advances, taxes and rates, National Commercial Bank loans, St. Lucia Development Bank loans and Credit Union loans.

2 — The redemption of those bonds over a three-year period by quarterly drawing and

3 — the roll-over of the bonds of a further period of three years at the same rate of interest which is 10%.

The Minister said that the Unions had already promised to meet with their members to decide upon which proposal would be agreed upon for the redemption of bonds.

He added that where the bonds could be used for the retirement of loans, commercial banks were being approached in an effort to persuade them to participate in this scheme.

"Government wishes to solicit the cooperation of the Unions and their membership in ensuring a mutually satisfactory resolution in this rather sensitive and crucial matter," Mallet said.

Wage Concerns

Castries THE WEEKEND VOICE in English 13 Apr 85 p 1

[Text]

PRIME Minister John Compton said yesterday that government's recurrent expenditure, which includes salaries and wages of public servants has outstripped the national economy and will have to be brought under control as a matter of urgency.

Mr Compton, was responding to the current situation, in which the Government says it does not have money to pay public servants nearly six million dollars due them for bonds which matured last month end.

Two weeks ago, deputy Prime Minister George Mallet announced alternative proposals for the consideration of the public service unions for the settlement of the bonds payments. These included having the sums due offset against loans and advances, taxes and rates, and loans acquired by public servants from national financial institutions and Credit Unions.

Mallet said that the Government would take the necessary steps to have the banks participate in this scheme.

But a statement issued in the name of the "Committee of Trade Unions" said they were unable to consider the proposals because a majority of their members were yet to receive their bonds certificates.

The Unions gave the Government until next Wednesday to ensure that all public servants received their certificates. They also said they wanted certification from the banks and credit unions that they were prepared to take part in the redemption programme.

A check by THE VOICE with

the Ministry of Finance has since revealed that outstanding bond certificates due to public servants had been sent to the Ministry of Education. However, a senior official of that Ministry denied that the certificates were there when we contacted him.

The St. Lucia Teachers Union says that 600 of its members are yet to receive their bond certificates.

Meanwhile, the Ministry of Finance has written to the Unions expressing its willingness to discuss "any proposals which your executive bodies may put forward".

Compton said yesterday that a number of things had happened over the years that had caused government expenditure to go out of sight, and now it had to be controlled.

He said that whether bond certificates had been received or not, "the people who are entitled to them are entitled to them". But he added that the fact that a few people did not have theirs in their hands should not prevent the Unions from looking at the proposals

the government had made

Said Compton: "It's quite strange that while the government is saying that it cannot pay the bonds, these unions are negotiating for new salaries and demanding more."

But Compton said there was "only so much" money available. "The whole thing is to bring government expenditure under control", he said, noting that a number of Caribbean governments had had to lay off public servants to resolve similar difficulties.

Said Compton: "Three thousand public servants have been laid off in Jamaica. In Curacao the Government is going to the legislature not only to lay off public servants but to cut their pay as well. In Barbados, Guyana and Trinidad

workers have been laid off. Don't tell me that St. Lucia is different to everywhere else. We have to realise that we have been very fortunate that so many public servants have a job, but they have to leave something back for those who are unemployed to get a job."

Compton said the government would have to fix a certain portion of the national budget to go towards payment of salaries so that funds could be found for capital programmes.

He said: "We have schools broken down since 1980 which have not been repaired. You look at the furniture in the schools and the conditions under which some children go to school. These cannot be met because of the demand, the high cost of the public services. It cannot go on."

Compton on Taxes

Castries THE WEEKEND VOICE in English 20 Apr 85 p 1

[Text]

PRIME MINISTER John Compton on Thursday told Parliament that St. Lucians had reached the limit of the amount of income taxes they could pay and there could be no additional burdens on them.

Instead, Mr. Compton announced plans by his Government to grant some measure of relief to tax payers those he referred to as "public spirited companies who submit fair returns and those employees within the PAYE system."

The Prime Minister came down hard on tax defaulters especially companies whom he referred to as "parasites on the nation". He was presenting the 1985-86 fiscal budget of \$215.2 million to Parliament.

Compton also detailed some of the measures his Government intended to adopt to stem the rising cost of the public service. These include a plan to reduce the number of public servants over the next three years and a freeze on new employment, except in the Ministry of Education where, he said, new teachers would be needed for the Leon Hess Comprehensive School due to open in September.

Compton revealed that the government's deficit had risen from nearly \$8 million in the 1979-80 fiscal year to a high of \$29 million in 1982-83 but had come down gradually and now stood at \$13.1 million.

He said these deficits were incurred not to improve the capital stock or for the development of the country, but rather to satisfy excessive wage and salary demands.

Declared the PM, "I have already stated that it was an irresponsible act to apply pressures on an Interim Government (in 1982) for huge increases and an act of political expediency to yield to pressures which both the government of

the day and the Unions knew were unjustified.

Noting that before the country could recover from "that crippling blow of 1982", St. Lucia in 1985 had to pay new salary increases to public servants totalling 9.5 million, Compton charged: "I am becoming convinced that there is a determination to cripple this country for motives which are quite transparent. It is like cutting down a coconut tree so that you can get one nut. You may get the nut, but there will be no more tomorrow."

Compton told Parliament that this year must be regarded as a watershed year in which St. Lucia and all sectors of its society "must face the realities and come to grips with them."

He said for years St. Lucians had been behaving as if the rules of the world economy did not apply to them. "While every country in the world is trying to adjust while we hear of economic recessions, and belt tightening, of economic and structural adjustments, while in most countries of the region we are told of wage and salary restraint, of reductions in the number of public servants, and in extreme cases, cuts in wages and salaries, we in St. Lucia continue to make demands which are extraordinary even in normal times, but which are excessive and absolutely unconscionable in these times of economic depression", the Prime Minister said.

Since 1979, Compton said the public service wage and salary bill had risen by EC \$21 million and now accounted for 55 percent of the Government's total recurrent expenditure. Still, he said, there were new demands by public service unions for pay increases.

Compton described tax evasion and avoidance as "a major industry in St. Lucia", adding: "In fact the connoisseurs of the art advertise their trade at night. Everyone has a scheme. Everyone has an angle."

But Government was not elected to complain. Rather it had been given the powers to regulate the society and this it would do. Compton recalled that in 1977, in an attempt to make

insurance companies make their contribution to the national coffers, he had proposed a tax on their premium incomes.

He added: "This was not implemented, and when some variation of the proposal was finally implemented in 1981, the companies merely passed the tax on to the policyholders and continued on their merry way. But this was never the intention and to compound their defiance of the 26 insurance companies operating in St. Lucia, 17 paid corporation taxes in 1983 and 16 paid in 1984. Yet these companies collected in premiums \$14 million in 1983 and \$16 million in 1984".

Compton said that only nine companies paid taxes, the others reporting losses.

But the loophole will be plugged this year, he said, with an amendment to the Insurance Act to impose a gross turnover tax of five percent on premiums which will be deductible expense if there is a profit but will not be refunded in cases where losses were claimed.

Compton also announced the government's

intention to increase the penalties for defaulters and evaders and the fines for late submission or non-submission of returns.

He also announced the government's intention to increase the consumption tax on imported whisky and cigarettes as well as on vehicles coming into the country to be used in the public transportation system.

Another problem which St. Lucia must confront with "unrelenting determination" was that of population growth, Compton said.

Other countries confronted with this problem had not been afraid to tackle it boldly Compton said, adding that China, the most populous nation in the world had adopted a policy of strict family limitation, and so had India.

"In the Caribbean, Barbados, Antigua and the Bahamas have succeeded in containing their population within manageable limits but St. Lucia with Ecuador has the unenviable distinction of having the highest population growth in the hemisphere," Mr. Compton said.

Cenac, Odlum Criticism

Castries THE WEEKEND VOICE in English 20 Apr 85 p 1

[Text]

OPPOSITION Leader, Neville Cenac has compared the 1985/86 budget with tale of 'The Emperor's New Clothes.' The emperor thought he had been wearing new clothes when in fact he had nothing on, Mr. Cenac told the House of Assembly as debate started Friday.

He said he had expected a full explanation of public accounts as it related to last fiscal year and particularly why the targeted amount of revenue had not been collected.

The crux of St. Lucia's problem, said Mr Cenac was its growing balance of payments deficit which currently stood at \$119 million. He pointed out that the budget said nothing about uncontrolled prices which were as a result people doing their own thing such as going abroad, buying things and returning home to sell them at the prices they wanted.

And the Opposition Leader called for the employment of "more committed people" to collect our taxes. At the same time he hailed the government's decision to employ two more tax accountants at the Inland Revenue Department.

Mr. Cenac told the House that Laborie, his constituency, did not have a playing field, among other things. He said although he was not the type of politician who asked for everything at once he had been nevertheless taken for granted.

Unemployment, said Mr

Cenac was at least 30 per cent and the mood of the people was such that he was frequently being stopped on the roads only to be asked the date for the next general election. And when he answered that elections were not due until 1987, Mr Cenac continued, the enquirers indicated to him that they would be dead of suffering before elections came around.

Member of Parliament for Castries South Jon Odlum termed the budget "disgraceful" saying it was presented in haste and included empty threats and arrogant language directed at the trade unions.

IMPRESSION

The attack on the unions was unjustified since they were doing a good job in ensuring that their members got salary increases, Mr Odlum stressed, adding that the 'big men' owed government "millions" in income tax. Mr Odlum said the ruling United Workers Party (UWP) election promises gave people the impression that Santa Claus would be coming once they had won at the polls.

Mr Odium pointed out that while there were shouts about jobs coming in nothing was being said about jobs going. St. Lucia he added was going one step forward, three steps backward.

Mr Odium said he had been trying to get water in parts of his constituency for a long time but that had not been possible because he "happened to be a member of the opposition."

CRISIS

He said that unless we halted waste such as the 'Festival of Lights' every year the country would always be in financial

trouble.

The SLP's Cecil Lay, representative for Vieux Fort North suggested that St. Lucia's best way out of the economic crisis was for government to put idle lands under cultivation. He said in St. Lucia some people owned large quantities of land but were doing nothing about them. "In my area we have one man owning 2,000 acres of land lying there idle," Mr Lay told the House.

He said the Prime Minister was always out begging but really St. Lucia didn't have to beg. "What we want is land to work," he added.

Compton on Population Crisis

Castries THE VOICE in English 24 Apr 85 p 1

[Text]

ST. LUCIA'S population explosion has reached crisis proportions and requires urgent remedial action, according to Prime Minister John Compton.

"The growth of the population is like a time bomb with a very short fuse," he told Parliament. "For the sake of those who are already born, so that some of them may not be condemned to a life of poverty and degradation, let us act now."

Compton said that between 1979 and 1984 St. Lucia's population rose by 23,137. He said in 1983, the population increased by 3,936, and by 4,040 last year, while up to March this year some 1,015 children have already been born.

He said that at this rate this year will see an extra 4,200 children added to the population, - estimated at 119,000 in 1983.

Compton said the 3,732 children born in 1979 will be seeking school places this September. Allowing for the 2,000 or so who will leave school this year, Government should have provided about 2,000 new places.

"This means six new schools at a cost of E.C 3 million dollars, staffed by 70 new teachers, costing 850,000 dollars plus furniture, equipment and supplies. Can we feed, clothe, house,

educate and care for 24,000 additional people every year," the Prime Minister asked.

He said it was his duty as head of the government to acquaint everyone of this situation "which had already reached crisis proportions and call for united action to tackle it."

Compton complained that "some who ought to know better have sought to trivialise the issue, but unless we face the problem in all its stark reality, our children will reap a grim harvest of poverty trampling the streets in a vain search for employment, becoming frustrated and desperate, turning against the social system which they believe has failed them and embracing solutions which will

destroy our very democratic way of life and our fundamental freedoms."

He said in the Caribbean, Barbados, Antigua and Barbuda and the Bahamas have succeeded in containing their population within manageable limits, but St. Lucia and Ecuador have the "unenviable distinction" of having the highest population growth in the hemisphere.

Hunte Reaction

Castries THE VOICE in English 24 Apr 85 p 1

[Text]

THE St. Lucia Labour party says it is at present involved in a process of meticulous perusal of the 1985-86 budget estimates presented by the Prime Minister last week, and will be holding a series of islandwide meetings to issue its response to the St. Lucian public.

Party Leader, Julian R. Hunte said today that the party wanted to ensure "a comprehensive and overall response" is prepared, and was taking its time to ensure adequate response, in keeping with the SLP's new approach to its role in opposition.

However, in an initial response, Mr. Hunte said that the budget had failed to meet the hopes and aspirations of the people.

He said the people of St. Lucia had expected the Prime

Minister to outline serious proposals for dealing with the current economic crisis, and to reveal the real state of the State's finances in this crucial period.

"However, while the Prime Minister said that this was the most difficult budget he had had to put together since taking office, his statement to the House has left St. Lucians no less confused about the real problems facing the economy, than before he presented the budget," said Mr. Hunte.

CSO: 3298/691

ST LUCIA

LABOUR ORGAN DISCERNS ANTI-WORKER BIAS IN COMPTON BUDGET

Castries CRUSADER in English 27 Apr 85 p 5

[Article by Nicholas Joseph]

[Text] The 1985-86 Budget presented by Prime Minister and Minister of Finance John Compton last week is consistent, insistent and persistent with the Government clear anti-worker policy.

The financial charade and madness of our Prime Minister have done nothing other than grab all workers by their throats, so that no one can escape their inherent and senseless violation. It is this anti-worker attitude of the Prime Minister and the entire Government that I would like to chronicle from the start.

The Budget which was postponed some three times before its final presentation one month behind schedule, was made known by the Prime Minister long before, that it was the most difficult one that he had to put together and he was trying to make two and two make seven.

Apart from a long, vicious and diabolical attack on the workers and their organisations, the Budget was empty and devoid of any good sense and reasoning. Not even the Prime Minister's vain boast of cleaning-up the mess, was present.

The Budget and the Throne Speech which are supposed to outline the policies of the Government were both bankrupt of any ideas of how the Government would solve the problems of unemployment. Instead the Budget plunged St. Lucians into a state of hopelessness.

The Budget presentation demonstrated that the Government has failed miserably, for no worker hearing the Prime Minister, can take comfort or feel proud of his utterances which can be divided into two categories: **a) Anti-worker and b) Threats**

ANTI-WORKER LEGISLATION

The pronouncement by the Governor General preceding the Budget Speech that his Government would introduce legislation to require annual elections of Trade Unions Officials by secret ballot, and that any call for industrial action whether by strikes or lock-outs, must have the support of those involved in such action, as established by officially supervised secret ballot, caught me by the throat. The Governor General and the Government are the ones who talk most about democracy, and upholding the democratic institutions, but they are the ones who find it necessary and fitting to dictate to the workers and their organisations by proposed legislation on how they must conduct their business.

There are other aspects in the workers interest that need legislation; for example, there is a crucial need for legislation for employers to recognise a Union when they control 50 percent of their employees but the Government is not concerned about workers. Ironically, it is the same persons who talk more about the lack of democracy in Poland, because the

Government out-lawed solidarity. However their democracy is one-sided and bias. Its not good for Poland, but its good for St. Lucia.

COMPTON VS WORKERS

If workers thought that was all, they had a rather rude awakening, for Compton spared no bones in showing where his loyalty lies, his position was made abundantly clear and those who took time off to listen, remembered 1979 when arrogance and recklessness was Compton's best attitude. Indeed the Ethiopian cannot change his skin, nor the leopard his spots.

The Prime Minister made it crystal clear that workers were demanding too much and he threatened, "Urgent and drastic action must be taken to curb expenditures on wages and salaries in the public sector...I am stating here that the actions which created the problems which we now face will not be repeated."

It was clear that this was the same Compton of 1979 who was speaking in 1985. He has shown that he has not learned the bitter lessons of the 79 era, and is once again committing political suicide by showing no empathy to the workers. Mr. Compton must know that he cannot have bread and loaf. His tone and gestures are indeed pathetic and some people have suggested that he is senile.

UNIONS CHALLENGE

Mr. Compton's flagrant attacks on the Unions and the workers of St. Lucia pose a serious challenge to every single union, and the ability of the Unions to face the challenge will determine their committ-

ment to the workers of this country.

The Prime Minsiter's attacks on the Unions and the workers, demonstrated that we cannot afford to be neutralised with joy-rides and behind the door agreements. We must always stand for principles, for there is a thin line between tactics and opportunism.

Mr. Compton's challenge indicates now, that we have nothing to lose, but to loose the chains of Opportunism, Selfishness and pride.

"GET THE MONEY"

While Mr. Compton was delivering his empty platitudes, he told us in the same usual style that corruption was the order of the day.

He said, "Tax evasion and tax avoidance have become a major industry in St. Lucia... Everyone has a scheme. Everyone has an angle. Everyone wants to be in a deal, and yet one expects progress".

When a Prime Minister can admit that he knows of corruption and have been saying so for the past ten years, and can't do anything about it then its time to pack up.

When a Government has lost the confidence and respect of workers then its time to quit.

Mr. Prime Minister enough is enough, for thou hast been weighed in the workers scale and found wanting.

I challenge you to legislate and be damned.

CSO: 3298/692

ST LUCIA

UNION THREATENS GOVERNMENT OVER RECOGNITION ISSUE

Castries THE WEEKEND VOICE in English 23 Mar 85 p 6

[Text]

THE National Workers Union (NWU) says it will expose the Government if it fails to enact legislation making it compulsory for employers to recognise trade unions based on a 51 percent membership within a company's work-force.

The NWU passed a resolution to this effect at its recent eighth congress of delegates.

The resolution noted that St. Lucia was a member of the International Labour Organisation (ILO) whose convention, the NWU said was "very clear" on the question of freedom of association.

It charged that there were anti union employers in St. Lucia and that workers were being victimised by their bosses for joining trade unions of their choice.

The resolution considered such acts by employers as being "inhumane", a complete violation of all industrial relations principles, utter disrespect and no regard for humanity."

It called on the Government to enact legislation that would make it compulsory for employers to recognise unions based on 51 percent membership, adding that failure on the Government's part to "defend the rights of workers" would result in the NWU launching "a campaign of national, regional and international exposure of the Government."

The NWU congress also passed another resolution calling for an increase in work permit fees for foreigners, and still another calling for the establishment of a National House Rental Council to consider, regulate and establish house rents.

The latter resolution said that the Government had not done enough to meet the housing needs of the working class and that this situation was being exploited by "unscrupulous landlords", who were capitalising on the existing situation and setting rentals "without any concrete justification."

ST LUCIA

GOVERNMENT ISSUES 'NO-PAY' WARNING TO STRIKING TEACHERS

Bridgetown SUNDAY SUN in English 28 Apr 85 p 12

[Text]

CASTRIES, St. Lucia — The St. Lucia government on Friday issued a stern warning to teachers who have stayed away from classes over the past three days, in protest against a delay in issuing bonds certificates to them.

The statement said that any teacher engaged in such action from next Monday will not be paid for the period of absence.

Government added that those not performing satisfactorily will be treated as having abandoned their posts in the teaching profession. It said in these instances, appropriate measures will be

taken.

Over the past three days, several schools in the Castries and northern areas have been closed as a teachers sick-out spread. The St. Lucia Teachers Union has remained silent over the issue.

The union had given government up to April 17 to release the bond certificates, which would enable them to receive \$EC6 million owed to public servants for the purchase of bonds between 1980 and 1983.

The Ministry of Education said that 60 percent of the teachers have been issued certificates so

far.

A delegation representing public service unions met with Prime Minister John Compton on Friday and were assured that all outstanding bond certificates will be issued before the end of May.

The government statement said it was treating the situation as "acts of indiscipline of the gravest nature".

It claimed that many of the teachers involved have no dispute with government as they are in no way involved in the bonds issue, having been only recently appointed.

CSO: 3298/692

ST LUCIA

THRONE SPEECH ADDRESSES UNION, FISCAL, SECURITY ISSUES

Castries THE WEEKEND VOICE in English 20 Apr 85 p 3

[Text]

LEGISLATION aimed at maintaining the current industrial climate will be among several to be brought before parliament during its 1985/86 session which opened Thursday.

Delivering the traditional Throne Speech at the opening of the new session, Governor-General, Sir Allen Lewis said that government would introduce legislation to ensure that trade union elections were properly supervised. It was government's intention to make into law the annual election of union leaders by secret ballot, and to ensure that a decision for strike action has the support of the majority of members of any union.

Rehabilitation and revitalization of the local economy remained his government's main priority. Sir Allen said, but essential to this was the maintenance of the current political and industrial climate.

Emphasizing that the government of St. Lucia remained committed to the regional security system and that it was aware of the major economic, political and social problems confronted by the Caribbean, the Governor-General stressed that government was looking forward to an early signing of that security agreement as well as doing its best to strengthen inter-Caribbean relations.

He noted that Grenada had returned to the democratic fold after "five years of anguish," and also lamented the "untimely death" of Prime Minister Tom Adams of Barbados.

Sir Allen also underlined his government's concern for the conflict in Central America and expressed its support for the peace efforts of the Contadora Group.

He spoke of government's intention to amend the Lottery Ordinance. Introducing legislation for the setting up of a national lottery that would offset the inadequacy of sporting facilities in the island.

During the new session of parliament, Sir Allen said bills to seek stiffer penalties for sex offenders to review the status of illegitimate children; workmen's compensation and to consolidate and modernize the Income Tax Ordinance were expected to be debated in the House of Assembly.

Government would also seek to ensure the establishment of tertiary education in the country by taking the appropriate measures to set up the Sir Arthur Lewis Community College at the Morne, Sir Allen said.

ST LUCIA

PAPER VIEWS PROS, CONS OF DECENTRALIZATION PROGRAM

Castries THE WEEKEND VOICE in English 23 Mar 85 p 2

[Editorial]

[Text]

THE Government is currently promoting a programme that will eventually lead to a decentralisation of its services, now concentrated largely in the capital, and allow people Islandwide a greater role in the national development and decision-making.

It is a very bold, imaginative and commendable step which seeks, for the very first time to bring the public into the mainstream of national development planning. It is a move which deserves public acclaim and support.

For a young independent country the idea of people being meaningfully involved in the development of their country should hold special significance.

The plan, as we understand it, calls for the division of the country into eight administrative regions, each of which will have a committee of officials including technical officers of various ministries. They will meet regularly to co-ordinate the planning and monitoring of development programmes and projects and the provision of government services.

In fact, over the years, some very modest steps have been taken in St. Lucia to decentralise government services to the population. Local government (the town and village councils) brought some measure of autonomy to the various districts, and different government ministries operate divisions in parts of the Island. But by and large these arrangements have not brought the people into

the mainstream of decision-making in any significant form.

The new plan is designed to redress that situation. It is a major blow for participatory democracy that this country has never known before and this makes the decentralisation initiative extremely fundamental and far reaching.

But there are some warning signals that must be sent out early. For one, the Government will have to ensure that the new plan does not place any additional financial burdens on the very limited resources of the country. In fact, one hopes that economies will be made in this sector of administrative spending that even now takes a sizeable chunk out of the country's locally generated revenues.

Also, the history of successive government policy in the appointment of people to serve on Councils, Committees or Boards etc. seems to be one favouring party loyalists first and foremost.

For national planning, development and decision making to be effective and truly meaningful, it must cut across party lines and the first place where the line must be drawn is in the selection of those people who are to have such a significant input in the drawing up and implementation of plans that will eventually benefit ALL the people.

One hopes that there will be some sort of machinery to allow ordinary people, the grass-roots, to have an input in the decision-making process of the proposed Regional Councils. It's no use talking about popular involvement and participation when the broad masses are left out.

The Government must be congratulated for having the foresight to come up with such a plan to give more St. Lucians than ever before a say in determining how their country should develop and progress. This is indeed a very tangible benefit of our independent status.

CSO: 3928/692

ST LUCIA

COMPTON SAYS REORGANIZATION OF POLICE IS UNDER WAY

Bridgetown WEEKEND NATION in English 26-27 Apr 85 p 11

[Article by Earl Bousquet]

[Text]

PRIME MINISTER JOHN COMPTON, has indicated that a "reorganisation" of the island's police force is already under way, under advice from a British official.

Mr. Compton said he had ordered a reorganisation of the force, "to make it more efficient in the administration of law and order".

He indicated that the unnamed British official would make a comprehensive assessment of the Royal St. Lucia Police Force, "to see where it needs to be strengthened, where we must train them, how the reorganisation must go on, and so on".

"He's already made reports which show up a lot of weaknesses in the force," said the Prime Minister, of the recently-recruited British advisor.

Mr. Compton's revelation of a search for changes in the operation of the police force here follow recent public concern about the operations of the force, although the Prime Minister says the two factors are unrelated.

The force was in the centre of the recent "Dr. Yamaha" controversy, in which a murder suspect died of several gunshot wounds while in police custody.

The police had first reported that "Yamaha" (Alphonsus Fontenard) had "committed suicide", by jumping over a cliff near the sea, on the outskirts of the capital, Castries.

But during a coroner's inquest, a team of St. Lucian and Barbadian doctors testified that he had died from several gunshot wounds, and had suffered severe blows and lacerations to the body, before death.

The three policemen who ac-

companied Fontenard to the cliff also testified that two of them had shot him several times, saying that he was trying to pull one down the cliff with him.

The coroner's inquest ruled that the policeman had shot Fontenard in self defence — a decision which lawyers for the deceased and one of the two opposition parties here have expressed disagreement with, and say they will pursue further.

Opposition Progressive Labour Party (PLP) leader, George Odum, said the rejection of the evidence of the doctor by the jury facilitated the return of a decision which was "not just". His party pursued a vigorous campaign charging that Fontenard was "executed" by the police, and the pro-PLP *Crusader* newspaper carried weekly pictures revealing most of the gunshot wounds and lacerations on Fontenard's body, after it was recovered from the sea.

Attorney General, Leonard Riviere, however, dismissed Mr. Odum's expressed surprise at the rejection of the controversial aspects of the doctors' evidence, within days of the coroner's "self-defence" ruling.

"So what? The jury can reject any evidence it does not want to accept," he said.

The reorganisation plan announced by Mr. Compton follows a recent expansion of the force's para-military Special Services Unit in the period between the ruling United Workers Party's return to office in 1982, and the October 1983 United States-led invasion of Grenada, when groups of the special unit rotated on service.

ST LUCIA

PLP ORGAN ASSAILS COMPTON OVER 'MILITARIZATION' ISSUE

Ignorance of Area Exercise

Castries CRUSADER in English 20 Apr 85 p 8

[Text] A bold-face, short memory and double-minded Prime Minister John Compton has told a section of the press that he did not favour any regional emphasis on militarization of the region. He said, "We've stated time and time again that we are very concerned about the militarisation of the Caribbean. We want it de-militarised. -We don't like this emphasis on the military".

When asked if St. Lucia would participate in the exercise if invited Compton replied, "I don't know. I don't know what we will be invited to". Mr. Compton was at the time responding to a report attributed to rear Admiral Ralph Hughes, Commander of U.S. forces in the Caribbean, who was quoted as saying that the Eastern Caribbean contingent would be drawn from anti-terrorist units trained by the U.S. in the wake of October 1983 Invasion of Grenada. St. Lucians hearing this on the radio this week were very much surprised at Mr. Compton's sudden change of heart and wondered whether Mr. Compton had gone mad or whether his memory was failing him.

It was Mr. Compton who spear-headed efforts to establish a regional Coast Guard Service for the Eastern Caribbean of which St. Lucia is a part. It was the same Compton who, together with other Eastern Caribbean countries met in Barbados and invited the Americans to invade Grenada in October of 1983.

It was Mr. Compton who sent St. Lucian Policemen into Grenada in October 1983 to be part of an invading force.

In the aftermath of the Grenada Invasion, Mr. Compton was responsible for the furnishing of the S.S.U. with large amounts of military hardware brought from the United States. It is he who allows plane loads of military equipment to pour in at Vigie Airport on almost a weekly basis. It is Mr. Compton who brought in the so called mechanics who are training St. Lucian Police at Cas-en-bas and allows U.S. military personnels to conduct military training camps.

Observers say that Mr. Compton's sudden change of mind is a replica of his double standards, while others argue that he is using this as a tactic to force the American Government to acknowledge promises made to him during the election and the Grenada Invasion.

Mr. Compton who promised St. Lucians a land flowing with milk and honey has not been able to realize his dream. The Reagan Administration is more concerned about gaining 14 million dollars in aid to assist the Nicaraguan "Contras" than to bail Mr. Compton out from the wrath of the people.

Mr. Compton is therefore playing his final trump card by pretending that he has not been informed about the military exercises

Someone has correctly pointed out that puppets are not informed, they just have to fall in line when the Master shouts.

Mr.compton's position is, "I don't know if we will participate". Folks say that with the present atmosphere of Self-Defence in the country, the Prime Minister may very well take part, since he may need such militarization in SELF-DEFENCE.

Incoming Arms Shipment

Castries CRUSADER in English 27 Apr 85 p 15

[Text] Crates of Arms and Ammunitions from the UNITED States labelled food-stuff poured in at Vigie Airport on Monday afternoon. At about 2.45p.m. on Monday a U.S. military air craft deposited at Vigie a large quantity of military hard ware including: machine guns, explosives, tear-gas, and a wide range of other weapons. Also arriving on board the air-craft were a number of St.Lucian policemen, who disembarked with machine guns in their hands. It is believed that these policemen were part of a so called peace keeping force in the island of Grenada. St.Lucia is one of the O.E.C.S. countries which formed part of the invading force in October of 1983 and has maintained a presence in Grenada since then. The Arms and Ammunitions have been received at a time when the Commander of the U.S. Forces in the Caribbean Rear Admiral Ralph Hughes, was quoted as saying that the Eastern Caribbean islands would hold joint military training exercises later this year, and the contingent would be drawn from anti-terrorist units trained by the U.S. in the wake of the October 1983 invasion of Grenada. It was only last week that St.Lucia's

Prime Minister was reported to have said that he does not like the emphasis on the military, and that they wanted the Caribbean demilitarised, since the problems of the Caribbean are not military but social and economic.

When asked whether St.Lucia would participate in joint military exercises, Compton replied, 'I don't know. I don't know what we will be invited to.'

St.Lucians observing the off-loading of the American military hard-ware were not surprised, since Mr. Compton has an outstanding record of double-standards. The arms which were transported from Vigie Airport by one of the American green Land Rover in three separate trips, are being stored somewhere at La Toc.

Someone who observed the label "food stuff" on the crates remarked "It appears that St. Lucia is a transhipment point for food-stuffs to Ethiopia."

It is also worth noting that the arms and ammunitions are being received at a time when workers are preparing to take action against the Government.

CSO: 3298/693

ST LUCIA

PLP LEADER ADDRESSES GATHERING OF NORTHERN YOUTHS

Castries CRUSADER in English 20 Apr 85 p 9

[Text] A number of P.L.P. youths from the Northern area who gathered at Marisule in the open air on Sunday have been called upon to get involved in the Political process if they are to achieve meaningful change in the Society.

The call was made by Comrade Nicholas Joseph, one of the speakers to address the gathering. Comrade Joseph who spoke on the Birth and Purpose of the Progressive Labour Party, told the gathering that although the Party emerged as a separate political party in May 1981, the party existed since 1973 and has its roots in the struggle of the valley workers of Roseau and Soucis.

The comrade said, "Since after launching the Party in 1981 it moved to establish itself even stronger among the masses and the working class. It has stood up against the odds, and has championed the cause of the working class, when all others have remained silent. Over the last three years since John Compton returned to political office, we have seen the people suffer and are still suffering. We have listened to the cries of the unemployed youth. We have seen the institutions of Justice crumble. We have seen an economy in total shambles. We have seen the workers organisations under attack by the management class and the Unions have apparently lost their nerve to fight. We have seen the entire society in a state of decay. We have heard of Ministers' resignations being kept secret. We have not seen one single new job, but we have seen

hundreds lose their jobs. We have heard, seen and read of the brutal killing of Yamaha whose body was thrown over a cliff, and then labelled "Self Defense". We have come to the end of our meeting, and our gathering here today must decide that enough is enough".

The comrade said that if corruption, Injustice, Victimisation and the exploitation of man by man is to be done away with, in this society, then the system must be changed, and in order for the system to change, everyone will have to get involved in the struggle.

The other speakers to address the gathering were Comrades Prospre and Leontie. Sister Leontie in her address to the Youth impressed upon them that theirs is an obligation to struggle for change. She said, "We cannot expect others to fight for us, we have an obligation to fight for ourselves and others".

Comrade Prospre called upon the youth to participate in the political process, because if they do not participate, the exploiters will continue to exploit.

He said, "You can participate by forming groups in your areas".

The meeting concluded with the participants highlighting the problems faced in their respective communities and it was generally felt that the communities had been neglected by the U.W.P. Administration. One of the areas very vocal at

Sunday's Meeting was a group from Trois Piton who informed us that there was not even a Public Health Centre in the area.

The youths left the meeting in very high spirits and are determined to do all within their power to participate in the political process for meaningful change in the Society.

CSO: 3298/693

ST LUCIA

MINISTER OF EDUCATION ABSENT WITHOUT EXPLANATION

Castries THE WEEKEND VOICE in English 23 Mar 85 p 4

[Text]

THIS is the question being asked around the Ministry of Education and Culture as that department's personnel from the Permanent Secretary down to the last secretary say they have not seen their Minister for nearly a month, and don't know where she is.

And the reactions to this question posed by THE VOICE this week ranged from chuckles of bewildered mirth, expressions of frustration to a downright "No Comment" from the Permanent Secretary Dr. Nicholas Frederick.

According to Ministry Officials, the Minister was last seen in office on February 21, the day before Independence Day. During the following weekend she left the State for an unknown destination.

"The last time I saw her," said one member of staff, "was at the Independence cocktail held at the Prime Minister's Residence. Since then I have not set eyes on her. I understand that she left the island that same weekend but no one knows where, for how long and when she will be back."

Yet another member said: "I knew that she left the island, but I can't say for where or why. There has been talk that she is not coming back, and many other stories have

been floating around this Ministry. And to me this is the most annoying factor about all of this. There is no official word, the heads of staff here seem to be just as puzzled as the rest of us.

"This situation has become very frustrating for some of us since there are some decisions concerning the administration of the different departments and other matters such as finance which required Miss Alexander's final word or signature."

According to another source in the Ministry, the Minister had been expected back in office early last week; "because on Monday there was a meeting over which the Minister was supposed to preside. Everyone was waiting for her and it was only after

one of the officials called her office that he was told by the Minister's Secretary that the Minister had not yet come in for the morning. Obviously everyone was in the dark and still is about her absence."

When questioned on the whereabouts of the Ministry head Chief Education Officer, Dr. Michael Louis said that as far as he knew, "the Minister should be back anyday now."

While THE VOICE poked around the Ministry trying to get a clearer picture it was intimated by some that Senator Margherita Alexander had flown to San Juan, Puerto Rico on February 25 on personal business.

CSO: 3298/693

ST LUCIA

GOVERNMENT DELAYS ANNOUNCING MINISTERIAL CHANGES

Castries THE WEEKEND VOICE in English 23 Mar 85 p 4

[Text]

IN a style that is becoming quite characteristic of the Government, Minister of State in the Ministry of Education Mr Louis George has been quietly moved out from under the wings of Minister Sen. Alexander.

Mr. George's new appointment, as Minister of State in the Ministry of Finance and Planning took effect from March 7, but was only announced in the official Gazette last Saturday, March 18.

So was the appointment of Mr Clarence Rambally, Minister of State in the Ministry of Agriculture who is now a full-fledged Minister without portfolio.

So too is the appointment of Mr. Brian Charles, Minister of State in the Ministry of Trade who moves to the Ministry of Agriculture, in the same capacity.

A quick check around indicates that not even the Government Information Service knew of the Cabinet changes until it was announced in the Gazette. Neither did State-owned Radio St. Lucia.

The transfer of Mr George brings to a conclusion a period of frustration for him, in the Ministry of Education and Culture. It is widely known that Mr George was not happy there.

This is the first time, however, that the press and public has had to wait on an announcement in the Gazette to learn of a reallocation of portfolios in the Cabinet.

ST LUCIA

TOURISM SCORED ADVANCES IN 1984; NEW INCREASES FORECAST

Castries THE WEEKEND VOICE in English 30 Mar 85 p 9

[Article by Sharon Williams]

[Excerpts] DIRECTOR of Tourism Maria Laville and President of the St. Lucia Hotels Association Bill Stewart both agree that tourism here is on an upswing and the industry has greatly improved over the past year.

Ms. Laville said that the outlook for the industry was optimistic and last year the number of arrivals exceeded the expectations of local tourism planners and administrators.

She said that in 1984 there was an increase in the average hotel occupancy, air arrivals and cruise ship calls to the island.

According to Tourist Board statistics, the average hotel occupancy was up to 66% in 1984 compared to 56% of 1983 while the total arrivals by air was 87,6010 against 77,392 in the previous year, indicating a 13.2% increase.

Arrivals by sea also increased by 16.4% from a total of 100 cruise ship calls in 1984 compared with 68 in 1983.

"...so all in all we have had significant increases in our different categories of visitors", Laville said, adding: "Those increases went over and above the projections we had made in 1982 in terms of what we thought we would have achieved by 1984, but indeed we did better than we had anticipated."

But while Laville admitted that St. Lucia had done well she reiterated her own often proclaimed philosophy since she began work here about two years ago that the island could do better. She said that this improvement was a result of the efforts of the Tourist Board and the Hotels Association, with the latter keeping their rates competitive, the strong dollar and the purchasing power of people in the industrialized world, allowing them to travel.

"Americans were travelling in unprecedented numbers in 1984 but I feel that St. Lucia did not gain as large a share or as large a percentage increase in the American market last year as it could and should have done as many of the other Caribbean islands had; and I feel that this is because we did not have enough funds and other resources to put into marketing in the U.S."

Laville said that the preliminary estimates for the first two months of this year indicated an increase in visitors from the U.S., French West Indies and some of the European countries put together as a group, while there was a decrease in the markets of the UK, West Germany, Canada, the Caribbean and South America, which she said could be because of the closure of that hotel.

"Which means that we are unable now to accommodate as many people as we were able to January and February last year. So it could be due to that since the average hotel occupancy in those two months this year was 86.6% as compared to 81.2% of last year. So although the hotels are doing better we still have a decline and I think that that is due in a large measure to the closure of the Halcyon Days," she said.

CSO: 3298/693

ST LUCIA

PLP ORGAN HITS REGIONAL ROLE IN DRUGS, SUBSERVIENCE TO U.S.

Castrries CRUSADER in English 13 Apr 85 p 2

[Editorial]

[Text] The activities of the DEA (Drug Enforcement Agency) is causing quite a stir in Caribbean circles. The arrest of the Chief Minister of the Turks and Caicos Islands, Norman Saunders has given many Caribbean politicians much food for thought. Despite the many questionable operations of the United States Central Intelligence Agency there is no doubt that the United States can become a strong moral force when its geopolitical interests require such a posture. The rapidly expanding drug culture in Latin America and the Caribbean has now triggered off some fears in the United States and the Drug Enforcement Agency is waging a strong fight against drug dealers, drug users and also the politicians and persons of influence in the Caribbean Basin who use their authority and power to facilitate the drug trade.

One of the most interesting features of the arrest of Chief Minister Saunders was the fact that both the United States and the United Kingdom Governments collaborated in his arrest. This must indeed have caused many a

raised eyebrow among Caribbean politicians who regard the safety-net of Right-Wing Governmental support as their only bulwark against ruin and exposure. The main lesson which this breed of politicians learnt from the Grenada Invasion was that Caribbean puppet Governments can commit the most heinous crime with impunity if the might of Uncle Sam is behind them. The betrayal of Caribbean sovereignty implicit in the Grenada Invasion meant nothing to Caribbean leaders who were assured of the support and protection of President Reagan's Administration. When Dominica's Prime Minister Eugenia Charles patted her hair-do into place and smiled a plastic smile to the world from the Television Box alongside President Reagan during the Grenada Invasion, there was no question of morality or international law. Her only concern was that she enjoyed the protection of Cowboy Reagan.

Recently in the Bahamas three Cabinet Ministers in the Government of Prime Minister Lynden O. Pindling resigned from their posts

and two others were fired just before the release of a Royal Commission report that portrayed a Government riddled with cocaine corruption. Cynics were quick to point out that Prime Minister Pindling's principled stand against the Grenada Invasion might well be the reason why his Government was being singled out for the attention of the DEA when many other Caribbean Governments were also involved in the Drug Trade.

The scope and implications of the Cocaine War which the United States is fighting furiously in Latin America is frightening. Billions of dollars flow from the cocaine industry in Columbia, Peru, Ecuador, Brazil, Bolivia, Mexico and Paraguay and all levels of the society are involved. In the Caribbean the pace is hotting up. Cocaine arrests in Trinidad and Tobago soared from three in 1978 to 150 in 1983. What is more significant is that Caribbean politicians and Government officials have demonstrated to the world and the entire International Community that they have the mentality of CARPET-BAGGERS or traders and are fully prepared to trade their SOVEREIGNTY and anything else for any goodies or trinkets that can be thrown at them.

It is obvious to any casual observer on the Caribbean scene that many Caribbean Politicians and Government officials are into the Drug Trade and these connections are rapidly eroding all the institutions of justice. In recent months there were reports in Barbados that a certain Minister of Government was arrested at the Airport for carrying cocaine

and he was promptly released through the intervention of the Powers-that-be! This week an Ex-Minister of Government in Belize was arrested for his complicity in facilitating the Drug Trade. In St. Lucia the tentacles of the Drug Trade spread widely.

The administration of Justice is now affected by the cross-loyalities and concerns of the drug trade. Airlines associated with St. Lucia are deep into the traffic in Latin America. Plea-bargaining and representation in our courts turn on the considerations of the Drug Trade. The Police themselves use the Drug Trade to determine their own slate of charges and often use their knowledge of the trade to defend themselves and to blackmail witnesses. Drug funds are being laundered in our midst and the stage is now being set to shunt our economy along the path of CASINO GAMBLING, DRUGS and VIOLENCE.

A leading newspaper in St. Lucia claiming to be the National Newspaper has just exhorted the Government editorially to get on with the job of granting a Casino license for the Halcyon Days Hotel while the moralists are arguing over it. This is cynicism, arrogance and opportunism of the highest order and one can almost see the wheels turning in the direction of accommodation. Our Minister of Sport is making a spirited case for Lotteries and Games of Chance to finance sport in St. Lucia. This is a thin-edge-of-the-wedge device which has been already explored in Barbados and Antigua. The road beckons. Our Prime Minister is too befuddled and demoralised to contemplate any other path of

development but the line of least resistance. Our Ministers of Government can see the writing on the wall and will now embrace any scheme that would put quick get-away money in their pockets. Our Caribbean Carpet-Baggers are weak....must our People intervene to shape the course of the future for our children ?

CSO: 3298/694

VENEZUELA

LUSINCHI GUARANTEES SUPPLY OF CRUDE OIL TO CURACAO

Caracas EL UNIVERSAL in Spanish 26 Apr 85 p 1-13

[Article by Carlos Romero Faz]

[Text] President Jaime Lusinchi has reiterated to the special envoy from Dutch Prime Minister E. Van Lennepe Venezuela's willingness to guarantee the supply of petroleum to the Shell refinery in Curacao for an indefinite period.

This was reported by Minister of Energy and Mines Arturo Hernandez Grisanti after a meeting held yesterday noon at Miraflores Palace. Foreign Minister Simon Alberto Consalvi was also present.

The special envoy from the Kingdom of the Netherlands was accompanied by the Foreign Ministry's director of Western Hemisphere affairs, A. P. Van Walsun; the Economic Affairs Ministry's director of petroleum affairs, J. W. H. Geerlings; the chief of the Office for Petroleum Affairs in Willemstad, C. Gomes Casseres; and the director of fiscal affairs at the Finance Ministry, O. C. Steenbaar.

Regarding the supply of crude to the refinery in Curacao, Minister Hernandez Grisanti stated that at this time 15,000 barrels more than last year is being sent there, for a total of 105,000 barrels.

"We would be willing to raise that total by 10,000 barrels more on 1 July," he added, "and by 50,000 barrels on 1 January 1986."

[Question] Will any kind of contract be signed to guarantee that supply?

[Answer] If Shell wants to sign a contract for more than a year, we would be willing to do so. Now, what really matters is the political willingness of the chief of state and government to guarantee that supply, because we are serious about guaranteeing it, and we have already begun to handle the request that was made.

[Question] What about the talks with the delegation from the Netherlands?

[Answer] So far no solution is in sight.

[Question] Why, Mr Minister?

[Answer] Because the envoy from the Dutch Government has laid down certain conditions, and Shell would demand certain conditions. At our meeting this afternoon, the foreign minister and I will ask Mr Van Lennep for more explanations, because it is clear that the conversation with President Lusinchi cannot be detailed, but general.

[Question] What are the conditions?

[Answer] I can't disclose them, because we are negotiating. I may reveal them later, but at this time it doesn't seem wise.

Venezuela's Position

The minister stressed that Venezuela's position is that Shell should remain as a partner with a clear majority of shares, if not all of them, in the Curacao refinery. That will enable it to fulfill its responsibility to the island.

He stated that Shell negotiated in good faith for a long time on the Curacao refinery with Venezuelan Petroleum, Inc., and that Venezuela does not feel it would serve national interests to purchase any stock in that facility.

He indicated that the problem has been studied thoroughly by the Ministry of Energy and Mines and by Venezuelan Petroleum, Inc., and their conclusion is that purchasing stock in the Curacao refinery would not fit into our marketing strategy, and we have no interest in doing so.

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CSO: 3348/642

VENEZUELA

BRIEFS

CONSALVI MEETS WITH PCV COMMISSION--During a meeting with a commission of the Venezuelan Communist Party [PCV] Politburo, Venezuelan Foreign Minister Simon Alberto Cónsali vi has reiterated that his country will invariably adhere to the principles of nonintervention and self-determination of peoples in face of the critical situation in Central America. Venezuelan PCV leader Hector Mujica noted that Consalvi expressed optimism over the Contadora Group's peace efforts and asserted that the Caracas government has in no way changed its stand of safeguarding the principle of nonintervention and self-determination. [Text] [Havana International Service in Spanish 0000 GMT 21 Apr 85]

PETROLEUM EXPERTS--Venezuelan Petroleum Inc (PDVSA) has announced it sold 97.98 million bolivares in 1984, an increase of 32.44 bolivares over 1983 sales. PDVSA also reported the crude oil reserves for 1984 amounted to 28.03 million barrels, reflecting an increase of over 2 million barrels as compared to the close of 1983. [Caracas EL NACIONAL in Spanish 30 Mar 85 p D-1 PA]

NEW OIL WELL--Caracas, 26 Apr (DPA)--The Venezuelan Petroleum Corporation (Corporacion Venezolana de Petroleo--CORPOVEN) today announced in Caracas the discovery of new oil well near the Colombian border. The well is yielding 4,250 barrels per day. It is in Guafita, Paez District, Apure State, in the Venezuelan southwest, very close to the Colombian border. A report stated that the petroleum appeared at the 2,190 meter mark. The crude is 30 degrees API [American Petroleum Institute]. [Text] [Hamburg DPA in Spanish 2252 GMT 27 Apr 85 PA]

MAS CANDIDATES FOR SECRETARY GENERAL--The internal process of choosing the officials for the MAS [Movement Toward Socialism] is in its preliminary stage, with five candidates for the position of secretary general of the political organization, heading the section which will indicate the line to be pursued by the MAS in the coming years. The most solid candidate at this point in the proceedings is Freddy Munoz, who wants to keep the MAS faithful to its initial plan, as a democratic leftist alternative for the country. Juvencio Pulgar, another of the candidates, is for his part seeking tactical alliances to enable him to challenge Munoz. To this end he is reported to be talking with Rafael Thielen and Argelia Laya, the latter a member of the "Teodor" faction. Another choice within the MAS would be Luis Bayardo Sardi, who would have the support of Carlos Raul Hernandez. In the final analysis, it will be necessary to await the national convention, the convocation of which will be determined in May. It is there that the final word will be spoken. [Text] [Caracas EL DIARIO DE CARACAS in Spanish 18 Apr 85 p 15] 5157

DATOS POLL RESULTS--The most recent national Datos poll contains information of great interest to the community. Let's take a look at it. How would you describe the job that the government is doing for you? Good, 25 percent; neither good nor bad, 36 percent; bad, 35 percent. Comparing your economic situation today and a year ago, would you say that now it is: better, 15 percent; good, 7 percent; so-so, 32 percent; bad, 4 percent; worse, 42 percent; don't know, 1 percent. How will your situation be over the next 6 months? Better, 31 percent; good, 6 percent; so-so, 22 percent; bad, 3 percent; worse, 25 percent; don't know, 14 percent. Which of these problems is the most important? Unemployment, 63 percent; the cost of living, 34 percent; don't know, 3 percent. Comparing these problems with crime: unemployment, 29 percent; cost of living, 12 percent; crime, 54 percent; don't know, 2 percent. How much will the government be able to reduce unemployment? A great deal, 20 percent; quite a bit, 31 percent; a little, 36 percent; not at all, 10 percent; don't know, 4 percent. The same question on the cost of living: a great deal, 16 percent; quite a bit, 25 percent; a little, 37 percent; not at all, 18 percent; don't know, 4 percent. The things that worry you the most: losing your job, 77 percent; a robbery of your home, 81 percent; a world war, 80 percent; a traffic accident, 75 percent; being held up in the street, 78 percent; a sharp drop in oil prices, 53 percent. The problem hitting Venezuelan families the hardest: drug use among children, 36 percent; excessive use of alcohol by parents, 9 percent; infidelity, 2 percent; abandonment, 11 percent; irresponsible parents, 23 parents; job insecurity, 18 percent. Crime, the high cost of living and unemployment are still the major problems among the Venezuelan people. As we have said before, there ought to be a consensus among our national leaders to tackle these problems. The data highlight that society at large still lacks confidence. Not only do Venezuelans feel unsafe about their physical integrity but they are also unsure of their economic present and future. [Text] [Caracas EL NACIONAL in Spanish 13 Apr 85 p D-2] 8743

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